



# France's Le Pen: A Far-Right Harbinger of the Apocalypse

By James M. Markham  
New York Times Service

AMIENS, France — Like the stand-up comic he sometimes resembles, Jean-Marie Le Pen, attired in a double-breasted blue blazer and gray slacks, strode the stage, a microphone pinned to his lapel. For two hours, without notes, he announced the apocalypse that awaits France if it does not reverse an "invasion" of Third World immigrants.

"This vanguard of millions of foreigners will turn itself into an army and then into a flood," warned the tribune of the ultra-right National Front. "France will become an Islamic republic!"

As Mr. Le Pen's silky, sarcastic oratory swept over a rapt audience that had paid \$5 a seat to hear him, all of France's problems were revealed to be the fault of freeloading immigrants: unemployment, crime, housing shortages, an overburdened social security system, crowded hospitals and schools where too many children do not speak French.

"France," said the National Front's presidential candidate, bending down at the knees, twisting his face grotesquely and spreading his arms forlornly, "is like an old drunken lady whose purse is wide open and who gives money to whoever passes by." Laughter and applause exploded in appreciation for the gifted mimic on the stage.

The walls of the convention center carried the angry slogans of a constituency afraid of the future: Criminals should get the death sentence and social security should be only for Frenchmen. "Amiens for the Amienois," said the highest and the boldest banner, meaning Amiens was not for the 9,000 Arabs, Africans and other immigrants who happen to live here.

As he does across France, Mr. Le Pen had pulled a crowd that looked heavily working class but that contained more than a sprinkling of



Jean-Marie Le Pen, leader of the far-right National Front, delivered folders containing 601 signatures of elected officials who support his candidacy to the Constitutional Council in Paris on Tuesday. Under the constitution, he needs 500 to be eligible to run as a presidential candidate.

elderly men and women whose attire placed them squarely in more comfortable income brackets. Leaning with Churchillian dignity on a cane, a 69-year-old man in a gray tweed suit muttered that he had come to protest against France's being "run by the Freemasons."

Teen-agers appeared in large numbers. Three of them — Armand Cresset, Cyril Pupin and Alex Dubois — said they wanted to hear the National Front leader because they were sick of getting robbed by Ar-

abs in the Figeonier quarter of Amiens.

"The Arabs commit more crimes than the French," said Mr. Cresset, a thin-faced youth with short-cropped blond hair. "But any time a Frenchman commits a crime against an Arab the whole country — television, the media — condemns him. That's not right."

While other presidential candidates jostle at the center of France's political spectrum, Mr. Le Pen is gleefully putting together a coalition of the alienated and dis-

gruntled that pollsters say will add up to 10 percent or more of the electorate.

The former paratrooper, who has slimmed his chunky frame and adopted a swept-back coiffure that is meant to be presidential, has no chance of making it past the first round of balloting on April 24 that will select two candidates for a runoff vote two weeks later. But the dispersal of his vote could tip the outcome of the election on May 8.

So far, the two conservative establishment candidates — Prime

Minister Jacques Chirac and Raymond Barre, a former prime minister — have sought to ignore the troublesome Mr. Le Pen, who thirsts for respectability and complains that his "artisanal" campaign is given short shrift on television. But he sounds like someone keen to strike a deal for his support in the May 8 runoff.

In an interview, Mr. Le Pen observed that Mr. Barre and Mr. Chirac between them had only 40 percent of the electorate in the first round, according to the polls. "In democracy," he said with a sly look, "political science starts with arithmetic."

Yet it is not at all clear that Mr. Le Pen's long-term interest lies in a victory by either of the conservative front-runners. It was the adoption of a system of proportional representation by a Socialist government that permitted the National Front to get a foothold in Parliament in 1986, but Mr. Chirac's conservative coalition subsequently returned the country to an electoral arrangement that discriminates against small parties.

A triumph by President François Mitterrand, a Socialist, might well permit the National Front to survive, particularly if this meant a return to proportional representation.

Opinion polls suggest that a quarter of the National Front's support comes from disillusioned Communists, who probably will vote Socialist in the second round out of residual loyalty to the left. Many of them live in urban housing projects where immigration is dense; classic protest voters, they have rallied abruptly to Mr. Le Pen's xenophobic banner.

Amiens, an economically depressed crossroads city of 136,000 about 70 miles (110 kilometers) north of Paris whose glory is the biggest Gothic cathedral in France, has been governed since 1972 by a Communist-led leftist coalition, but the alliance is expected to lose

city hall in municipal elections next year.

In December, Amiens became the first city in France to let foreigners elect nonvoting members to the municipal council, a move that provoked truculent protests from the National Front. At his rally, Mr. Le Pen railed at the municipality for "attempting a French-Algerian synthesis in the electoral code."

Lionel Peyal, a 33-year-old National Front leader from Amiens, picked up the theme in his own speech to the 1,200 or so people in the hall. "We always knew that the Communists were a foreign party," declared Mr. Peyal. "Now we know that it is the party of the foreigners!"

Over the long haul, Mr. Mitterrand may be Mr. Le Pen's tactical ally, but on the stump the National Front leader turns his acid wit against the head of state with special gusto, mockingly employing his nickname, Tonton, or Uncle.

"Seated on the French throne, Tonton is nonetheless always sitting on his derrière," declared Mr. Le Pen. "He is the Tonton of decline, he is the Tonton of three million unemployed, six million new poor, six million immigrants, of the collapse of our demography, the Tonton of decadence!"

France, implied Mr. Le Pen, can return to a golden age of harmony, prosperity and family values if it starts getting rid of the foreigners in its midst. In the setup in his most applauded line, he recalled that a group of Iranians expelled to Gabon "demanded" their return to France, and obtained it.

Mr. Le Pen paused and then, with a sudden fury, declaimed, "When I am president of the republic, the foreigners will demand nothing!"

## CHIRAC: Surge of Support

(Continued from Page 1)

ing the country's aeronautical industry and European cooperation that made the new plane possible. The flyover displayed some of Mr. Chirac's advantages in the quest for the presidency: the head of Air France, Jacques Friedmann, is one of Mr. Chirac's close friends and was named to the job by the prime minister, and the aircraft was baptized "City of Paris" of which Mr. Chirac also is mayor.

The frenetic pace of Mr. Chirac's campaign, added to two years of prominence in the political fray as prime minister, apparently has attracted more support in the opinion polls than Mr. Barre's detached, professorial style. From the beginning Mr. Barre had deliberately stuck to what he called a serene pace, citing the La Fontaine tale of the tortoise and the hare.

But Mr. Chirac's aides expressed confidence, even several months ago when Mr. Barre ranked ahead of the prime minister, that the pondered image would not stand up to the rigors of a presidential campaign. Illustrating their jubilation at the change in fortunes, a cartoon in the newspaper Le Figaro showed Mr. Barre rifling desperately through a copy of La Fontaine's fable as an onlooker says: "That's the 30th time he has checked on the ending of the fable."

Mr. Barre declined to discuss his poor showing in the polls. But he criticized some of his backers who already talk of how to deal with a second Mitterrand presidency.

Among those Mr. Barre was referring to was former President Valéry Giscard d'Estaing, a leader of the conservative coalition that has backed Mr. Chirac since 1986. Mr. Giscard d'Estaing has said he would not favor new parliamentary elections if Mr. Mitterrand wins.

Mr. Giscard d'Estaing's remark meant he would be willing to continue the present "cohabitation," combining a Socialist president and a conservative parliament, or that he would be willing to work with a new centrist majority under Mr. Mitterrand. A high-ranking Socialist official suggested that Mr. Giscard d'Estaing may be seeking to become prime minister at the head of such a majority.

Mr. Barre, who was prime minister under Mr. Giscard d'Estaing, has opposed cohabitation as unworkable. He said he would call new elections if he is elected.

But candidates and analysts alike have pointed out that about a fifth of the electorate remains undecided or committed to minor candidates. This leaves a large bloc of undefined second-round votes that could disrupt current assumptions depending on which candidate finally attracts them.

## WORLD BRIEFS

### Murdoch Wins Ruling on Media Law

WASHINGTON (AP) — A law that barred the publisher R. Murdoch from continuing to own television stations and newspapers in the same city was struck down Tuesday as unconstitutional by an appeals court.

The divided panel of the U.S. Circuit Court of Appeals here voided provision passed by Congress late last year that would force Mr. Murdoch to sell the Boston Herald or WFKT-TV in Boston by June, comply with rules that forbid single ownership of a newspaper and television station in one city.

The 2-1 court decision does not affect Mr. Murdoch's \$37 million of the New York Post to a real estate developer, Peter Kalkoff, a that was spurred by the law's enactment. But the court's ruling enable Mr. Murdoch to retain temporarily ownership of both his Boston news media outlets if the Federal Communications Commission can get his waiver from the enforcement of the common-ownership rule.

### 2 More Die in West German Floods

BONN (AP) — The worst floods in Bavaria in 70 years claimed more drowning victims on Tuesday, while Cologne's old town escaped flooding when the Rhine River crested just five centimeters (two inches) below the top of a flood-control wall.

In Würzburg, rescue workers were searching for a van carrying people that witnesses said had been swept away by flood waters from Main River. In the last week, six persons are believed to have died in Germany in accidents related to the floods, officials said. They said most major rivers in the country had begun to recede slowly.

Thousands of people in Bavaria prepared for possible evacuation warnings that more dikes along the Danube River could break. Cologne, the Rhine rose to 9.95 meters (32.4 feet) at about 3 A.M. stayed there, stopping just short of the top of the 10-meter flood wall.

### Panel Tells of Racism in U.K. Schools

LONDON (Reuters) — Racial abuse ranging from offensive graffiti violence is widespread in British schools, according to a survey published on Tuesday by the state-funded Commission for Racial Equality.

"Racial harassment is widespread and persistent and in most a very little is done about it," said Aaron Haynes, the commission's head of the report, which was compiled after a two-year investigation into the situation of the young generation of Britain's ethnic minorities.

Verbal taunts, threats and physical injuries often led to poor results and even nervous breakdowns among black teenagers, the report said. "The perpetrators span the age range from infant to adult; include pupils, students, teachers, lecturers and parents," Mr. Hay wrote.

### Botha Overruled in Tribal Land Case

JOHANNESBURG (Reuters) — The South African Appeal Court overruled President Pieter W. Botha on Tuesday, ordering that 120 blacks could not forcibly be made citizens of a homeland created in different tribe.

Mr. Botha's decision in December 1985 to make the Moutse an northern Transvaal Province part of the self-governing KwaNdebele tribal homeland caused riots the following year in which at least people died.

Five judges ruled that Mr. Botha exceeded his authority when proclaimed, "for the purposes of administrative convenience," Moutse's North Sotho tribesmen had become citizens of the homeland created for the South Ndebele tribe.

### Swaggart Told Not to Preach for Year

SPRINGFIELD, Missouri (AP) — The evangelist Jimmy Swaggart was barred Tuesday from preaching for at least a year and ordered not appear on his television show for a year because of sexual transgressions. The Assemblies of God church suspended Mr. Swaggart as a minister for two years, effective immediately. A church spokeswoman said meant he could not preach until he has undergone at least one of the years of rehabilitation ordered for him.

The decision by the church's General Presbytery was final. Louisiana District of the church had recommended a three-month pension in connection with allegations that Mr. Swaggart hired a prostitute to pose naked for him.

### For the Record

Police in Wolverhampton, England, arrested 60 people Tuesday in what was described as the biggest single sweep against soccer thugs in country. The raids, involving 250 officers and backed by informants provided by a government crime computer, were aimed at gangs of the Wolverhampton Wanderers, a fourth-division club.

A joint maneuver of 20,000 Soviet, Polish and East German soldiers will take place in East Germany April 8-15, the East German news agency reported Tuesday from Berlin.

Ghana has dismissed 33 police officers for narcotics trafficking, and armed robbery offenses, an official communiqué issued in Accra Tuesday.

South Africa hanged seven men, five blacks and two whites, for murder Tuesday in Pretoria, bringing to 36 the number of executions in country this year.

## TRAVEL UPDATE

### Spantex, Spanish Charter Line, Folds

PALMA DE MAJORCA (Reuters) — The Spanish charter airline Spantax said it was ceasing its activities beginning Tuesday because of financial problems. A spokesman said the close occurred "because we are in debt." Spantax flies to New York, Miami, San Francisco, destined in Latin America and all over Europe.

The announcement occurred at the start of the Easter vacation season and is expected to affect about 20,000 tourists. Hundreds of Spantax employees blocked the entrance to the Palma airport, protesting closure and notice that the company would not be paying March salaries. Strikers at Cyprus Airways agreed to go back to work Tuesday, after a five-day stoppage that stranded thousands of tourists.

### Iraq, Saying It Hit Tankers Threatens Chemical Strike

NICOSIA — Iraq said Tuesday that its planes had attacked two supertankers off the Iranian coast and threatened to use chemical weapons against major Iranian cities.

The official Iraqi News Agency, monitored in Nicosia, quoted military spokesman as saying planes hit two "very large main targets," or supertankers, in Gulf. There was no immediate confirmation of the report, which got other details. Reports of Iraqi on Iranian tankers are difficult to verify because of an Iranian blackout on such incidents.

Nuri Nayef, director of the office of the Iraqi News Agency in Cairo, meanwhile, the "authorized Iraqi spokesman" told him that "Iraq might choose number of large Iranian cities the targets of chemical weapons a deterrent and punitive means. Iran contends that Iraq dropped cyanide and mustard bombs on three Kurdish towns in Kurdistan, killing 3,000 Kurds and injuring 5,000. The attacks on towns, which had been captured by Iran, occurred March 16 and



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# IRS, Provoked by Airline Ad, Plugs Travelers' Tax Loophole

By Gary Klott  
New York Times Service

WASHINGTON — Iriated by an airline advertisement touting a way for U.S. citizens to delay paying their federal income taxes, the Internal Revenue Service closed a longstanding loophole in the law that gave taxpayers who managed to be out of the country on April 15 an extra two months to pay.

as a "loophole big enough to fly a 747 through." Bruce Hicks, a Continental spokesman, said that the advertising campaign, which ended last week, was intended to "draw attention to international travel during a soft travel period" and was "very successful." He added: "I don't think the ad in any way implied that the IRS was promoting that idea at all."

IRS officials found they had the authority to close the loophole without congressional approval. Although the IRS usually takes months to draft regulations, it churned out the revision in a matter of days. The unexpected move, coming so late in the filing season, angered many accountants, whose tempers already were strained from coping with all the tax law changes that must be dealt with in this season's returns.

Laventhal & Horwath, said he thought the IRS "has a lot of leeway on this one." Sudden action on a tax provision that has been on the books for decades is not without precedent, however. Nothing seems to rile congressional tax writers or IRS officials more than to see a business touting a tax benefit in newspapers.

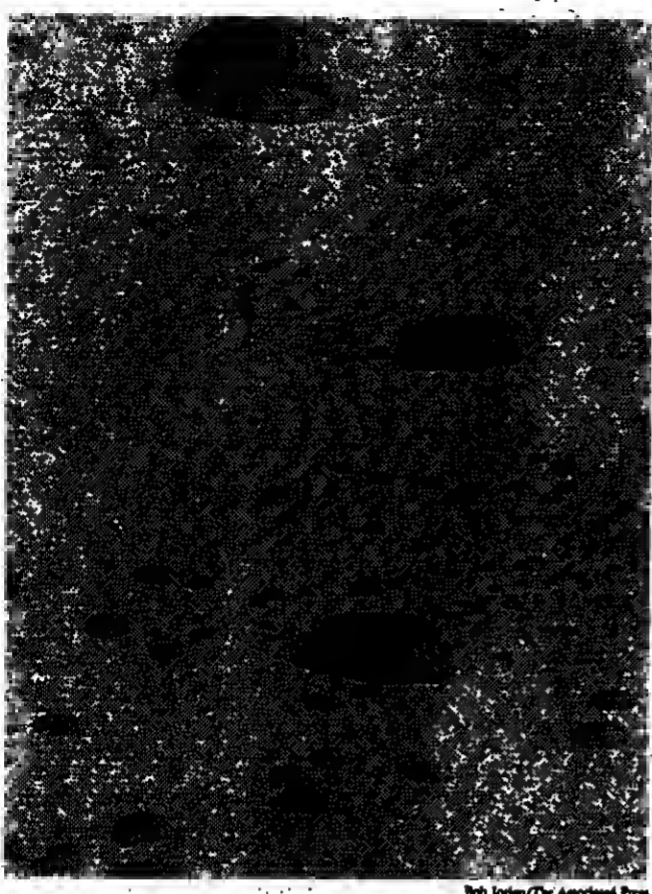
## Contras Cut Truce Talks Off and Urge 'Democracy'

By Julia Preston  
Washington Post Service

SAPOA, Nicaragua — The Nicaraguan rebels have cut short a discussion of cease-fire zones with representatives of the Sandinista government, and one field commander declared the rebels "will never lay down their weapons until Nicaragua is democratic."

After a meeting in Sapoa that lasted less than two hours, the rebel delegation's leader, Diogenes Hernandez, said Monday, "We don't mean the Sandinistas' Marxist democracy, the way Humberto Ortega describes it. The Nicaraguan people want a real democracy like Costa Rica." Mr. Ortega is Nicaragua's defense minister.

Mr. Hernandez's impromptu speech violated an informal agreement, reached moments earlier with the Sandinistas, that neither side would make political comments to reporters after the session.



Members of the 82d Airborne Division arriving at Fort Bragg.

Also Monday, a battalion of 700 U.S. paratroopers returned from Honduras as the United States began to withdraw its 3,500-man contingent after a show of force against Nicaragua.

Soldiers from the 82d Airborne Division, the 7th Infantry Division and attached units were dispatched to Honduras by President Ronald Reagan on March 17. All are to return to their home stations at Fort Bragg, North Carolina, and Fort Ord, California, by Thursday.

The meeting in Sapoa was the first session after top leaders of the Sandinistas and of the rebels, who are known as the contras, agreed Wednesday to a 60-day cease-fire that is to begin Friday.

The contras appeared to be acting to dispel worry and confusion about the accord among their fighters in the field and to delay a final determination about cease-fire pro-

cedures until their prospects for aid from Washington are clear.

Enrique Bermudez, top military commander of the Nicaraguan Resistance, the contra alliance, and two contra political leaders, Adolfo Calero and Alfredo Cesar, met Monday in Washington with Secretary of State George P. Shultz.

The talks followed weekend meetings in which contra leaders faced sharp skepticism from their followers about the accord. The pact calls, among other points, for the establishment of zones where contra fighters are to gather during the truce. The discussions in Sapoa are intended to designate the locations and size of the cease-fire zones.

Contra leaders are to travel to Managua for new political negotiations to begin April 6, when their fighters are supposed to have begun gathering into the zones, according to the Sapoa agreement.

Talks in Congress Stall

Efforts by Democratic and Republican leaders in the U.S. House of Representatives to fashion a contra aid package broke down Monday night over Republican demands for an early vote on renewed military aid if the peace talks fail.

Democrats tried to play down the severity of the disagreement in the hope of reaching a solution. Representative Tony Coelho, Democrat of California, said leaders had reached "some general understandings" after the five-hour session, but he acknowledged that stumbling blocks remained.

No formal meeting was scheduled for Tuesday, but Mr. Coelho said that discussions would continue. The Democrats remained hopeful that a plan could be brought to the floor Wednesday, he said.

## Aide Resigns In Venezuela Drug Probe

Compiled by Our Staff From Dispatches

CARACAS — The justice minister of Venezuela has resigned amid allegations that he operated a secret police force that was deeply involved in drug running.

Jose Manzo Gonzalez, an original member of the cabinet that President Jaime Lusinchi installed four years ago, stepped down Monday night after the National Congress began investigating whether such a police force was involved with cocaine traffickers or spying on citizens.

The resignation appeared to have been prompted by videotaped testimony from an undercover police agent who said Mr. Manzo Gonzalez's secret force, nicknamed Manzopol, was involved in the narcotics trade.

The attorney general of Colombia, who recently proposed the legalization of cocaine, also resigned Monday after allegations linking his brother to drug smugglers, a Bogota radio broadcast said.

There was no immediate confirmation from Colombia of the resignation of Alfredo Gutierrez Marquez. The attorney general's office has just begun a weekend holiday.

Caracol, a Bogota radio network, said Mr. Gutierrez offered his resignation in a letter to President Virgilio Barco Vargas after military intelligence indicated that his brother, Libardo Gutierrez, owned an illegal airstrip where suspected narcotics traffickers had landed.

Mr. Manzo Gonzalez, 64, who was imprisoned as a political activist during the 1950s dictatorship of Marcos Perez Jimenez, denied any wrongdoing. He said critics were motivated by partisan politics in an election year.

Venezuela has emerged in recent years as a major transshipment center for cocaine produced in Colombia. Up to 20 metric tons (22 short tons) of Colombian cocaine were shipped through Venezuela to the United States last year, the U.S. State Department said last month in a report to Congress. (Reuters, UPI)

## THE HUSTINGS

### Kemp Endorses Bush, His Ex-Rival

MILWAUKEE (LAT) — Representative Jack F. Kemp of New York has endorsed his former rival for the Republican presidential nomination, Vice President George Bush, contributing to a closing of Republican ranks at a time when Democrats remain divided and contentious. Mr. Kemp became the first candidate who has withdrawn from the race for the nomination to declare his support for Mr. Bush.

"George Bush is going to be the nominee of the Republican party and let me say as one who was involved in the friendly competition, he earned it," Mr. Kemp said Monday at a joint appearance with the vice president.

### Robertson Restructures His Staff

CHESAPEAKE, Virginia (AP) — With less than \$2 million left before he exceeds the federal campaign-spending limit in his bid for the Republican presidential nomination, Pat Robertson laid off his highest paid campaign aide and restructured the rest of his national staff.

Mr. Robertson's media coordinator, Connie Snapp, will be off the payroll as of Friday, her aide, Barbara Gattullo, said Monday. Ms. Gattullo will take over most of Ms. Snapp's duties. Ms. Snapp will be a consultant to the campaign. R. Marc Nuttle, Mr. Robertson's campaign manager, also will become a consultant. The day-to-day management of the campaign will be taken over by Allan Sutherland, who has been secretary and political director of the Republican Party in Indiana.

### Gore Takes a Few Swipes at Jackson

NEW YORK (AP) — Senator Albert Gore Jr. of Tennessee took a few verbal swipes Tuesday at the Reverend Jesse L. Jackson, one of his rivals for the Democratic presidential nomination.

In remarks to a New York civic group, Mr. Gore said that in the campaign: "We're not choosing a preacher, we're choosing a president. The Oval Office is a whole lot more than a pulpit." The statement was greeted by applause.

Referring to a remark by Mr. Jackson, who has called himself "a tree shaker, not a jelly maker," Mr. Gore said, "In the Oval Office, some jelly must be made." He added, "Only a president who knows how big government works can turn soaring rhetoric and lofty goals into programs and policies."

### Republicans Guessing About No. 2

WASHINGTON (AP) — As Vice President George Bush's grip on the Republican presidential nomination tightens, more and more people are asking the No. 2 question: Whom will he choose as his running mate?

Former President Richard Nixon, in a column that is published in The Sunday Times of London, suggests the White House chief of staff, Howard H. Baker Jr. He says that Mr. Baker, a Tennesseean and a former Senate majority leader, would help draw votes in the South and could assist Mr. Bush in dealing with Congress. Mr. Baker has said that he does not expect to be asked.

Others who have proposed Governor George Deukmejian of California. But Mr. Deukmejian says he could not accept because he would leave his state in the hands of a Democratic lieutenant governor.

Others who have been suggested include Elizabeth H. Dole, the former transportation secretary who is the wife of Mr. Bush's rival for the nomination, Senator Bob Dole; former Governor Lamar Alexander of Tennessee; Governor Thomas Kane of New Jersey; former Governor Dick Thornburgh of Pennsylvania; and Representative Jack F. Kemp of New York.

## Word Goes Out to Dukakis: Change Message or Face Defeat

By David S. Broder and Maralee Schwartz  
Washington Post Service

WASHINGTON — The word has gone out to Michael S. Dukakis: Sharpen your message or forget about being the Democratic presidential nominee.

Mr. Dukakis's headquarters in Boston has been all but overwhelmed by calls from Democrats warning that the Massachusetts Governor must change his tune to halt the slump in his campaign.

"When you win," said Mr. Dukakis's campaign manager, Susan Strick, "you get a lot of congratulations. When you lose, you get a lot of advice. Today, we're getting a lot of advice."

She declined to say what changes, if any, she or Mr. Dukakis might make in his speeches and advertisements for the next primary in Wisconsin, but she indicated that no drastic revisions would be made.

"It is important to remember," Ms. Strick said, "that we have done very well the last few months in convincing voters that Michael

Dukakis has the values and experience to take charge of the nation's future."

Mr. Dukakis was hoping for a victory in the Connecticut primary on Tuesday to ease the sting of back-to-back defeats in Illinois and Michigan that have shaken his status as front-runner.

In Washington, Mr. Dukakis said, "I will continue to talk about a strong economic future and good jobs, decent and affordable housing, health care, good schools and a foreign policy that reflects American values."

But he canceled meetings that had been scheduled on Capitol Hill, tacitly conceding that his effort to have his nomination perceived as inevitable, by gaining the endorsements of prominent Democrats, is stymied.

Senator Bill Bradley of New Jersey, one of several prominent Democratic politicians who climbed aboard the Dukakis bandwagon last week before it hit a bump in Michigan, said he saw no need or likelihood of a change in Mr. Dukakis's message, because "you go to

your strength and do what is most comfortable for you to do."

Anne Weiler, a veteran Democratic operative and Dukakis backer, said, "It's hard for me to see how he can be anything other than what he is or change from the message that he's done in Massachusetts a lot of the things American voters seem to want done nationally."

But many other Democrats said Monday that Mr. Dukakis must change his strategy if he is to avoid defeats by the Reverend Jesse L. Jackson in Wisconsin on Tuesday and in the New York primary April 19.

Typical were the comments of two members of the House of Representatives who played key roles in the 1984 Democratic primaries in California and New Jersey, the two states that vote at the end of the primary season on June 7.

Representative Robert G. Torricelli of New Jersey, who lost his candidate when Representative Richard A. Gephardt of Missouri withdrew on Monday, said that Mr. Dukakis "has very little time

left to convince people he's more than an organization man."

"Running for governor, it's enough to present yourself as a quality person with management skills," Mr. Torricelli said. "But the presidency requires you give people a sense of confidence about their future."

Representative Howard L. Berman of California, who is uncommitted so far, said of Mr. Dukakis, "He's not talking about where the country is going and how government can improve people's lives."

Several Democratic political consultants outside the Dukakis campaign also focused on issues as the one area where Mr. Dukakis's campaign is lagging. "He just hasn't provided a compelling rationale for his candidacy," said Greg Schneider, a media adviser.

"Companies don't hire people unless they have some idea what they will do in the job, and voters are the same way about the presidency."

Geoffrey Garin, a Democratic pollster, said, "Campaigns fall into routines, and the routine of the Dukakis campaign has not been to

deliver a strong message but to build a better organization than anybody else. That served him well for a while. It got him the establishment."

"But he needs the voters to seal the deal. And to get them, he has to say who he is, what he wants to do and who he's going to fight for as president."

### Suspect Held in Slaying Of an Indian in U.S.

The Associated Press

FEMBROKE, North Carolina — A man was arrested Tuesday in the killing of an American Indian judicial candidate and a second suspect committed suicide, the authorities said.

Julian Pierce, 42, a Lumbee Indian who was running against the Robeson County district attorney for Superior Court judge, was shot and killed Saturday. There have been racial tensions in the county of about 100,000 people, which is 37 percent Indian, 37 percent white and 26 percent black.

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Senate Panel Sees Hitch in Future of INF

By Michael R. Gordon
New York Times Service
WASHINGTON — The Soviet-U.S. treaty on medium- and short-range missiles may allow each side to field futuristic versions of the weapons, the Senate Armed Services Committee has reported.

The analysis indicated, for example, that the treaty does not allow the testing and deployment of ground-launched cruise missiles that carry "warhead devices" or simulated warheads. Mr. Nunn said that this suggested that cruise missiles carrying nuclear or conventional warheads would be banned while more exotic variants of the weapon, such as cruise missiles that destroyed their targets by firing lasers, would be targeted.

AMERICAN TOPICS

N.Y. Republicans: A Party in Disarray
More than a dozen prominent New York Republicans have declined to run for senator this year against Daniel Patrick Moynihan.

SHORT TAKES

Blair-Lee House, the federal government's guest house across Pennsylvania Avenue from the White House, has been closed since 1983. It is scheduled to reopen next month.

James H. Webb Jr.

James H. Webb Jr. was said not to be a team player at the Pentagon.

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# Armenian Strike Goes Into 2d Day in Nagorno-Karabakh

**The Associated Press**  
**SOVIET**—Residents of a dis- region in the republic of Armenia have shut down their main road for a second day Tuesday to protest the government's refusal to grant the region to neighboring Azerbaijan, a newspaper said.

"My report today will be short," said Guitontov, a correspondent for the government newspaper Izvestia who wrote from Stepanakert. "City enterprises are at a standstill, people are home."

The Foreign Ministry spokes- man, Gennadi Gerasimov, also said at a news briefing that some workers in Stepanakert had stayed home from their jobs.

"Certain enterprises are not functioning or are partially not functioning," he said.

Stepanakert is the biggest city in Nagorno-Karabakh, a region in Armenia that Armenians want to separate from Azerbaijan. Activists said a general strike began last Wednesday in the mostly Armenian area.

In a separate report, Izvestia provided the first breakdown of casualties in Sumgait, an Azerbaijani city where ethnic rioting broke out Feb. 28. It repeated the official death toll of 32, and said 26 of them were Armenians while six were Azeris.

Activists have asserted that the death toll was much higher.

Mr. Gerasimov said residents of Yerevan, the Armenian capital, went to work as usual. He reiterated that the government would not be forced into appeasing Armenian demands to annex Nagorno-Karabakh.

"We cannot solve the problem by mechanically transferring this region as some Armenian officials want," he said. "The more you study this problem the more you will see that the whole thing is not as simple as that, as merely saying Nagorno-Karabakh must be part of Armenia."

Meanwhile, a Moscow dissident said the police broke up a demon- stration Monday in Yerevan by more than 50 people who were demanding freedom for an imprisoned Armenian activist, Paryur Arlikian, and carrying signs saying, "We don't believe in perestroika," or reconstruction.

The dissident, Tamara Grigori- yants, said she received her infor- mation about the protest in a tele- phone conversation with members of a committee promoting Arme- nian self-determination in Yere- van.

The police did not interfere with an earlier demonstration in Yere- van by more than 100 people, but dispersed the second group, she said.

Officials have outlined a cultural and economic development plan for Nagorno-Karabakh, apparently to compensate for not meeting the Armenian demand to annex the territory.

The newspaper Sovetskaya Kul- tura said Tuesday the plan would cost up to \$640 million.

It said there was almost a com- plete absence of schoolbooks in the Armenian language, no teaching of Armenian history and that resi- dents of Nagorno-Karabakh could not receive Armenian television.

# For Prague and East Berlin, Echoes of Glasnost in the Streets

**By William Drozdiak**  
**Washington Post Service**  
**BERLIN**—The governments of East Germany and Czechoslovakia, two of Moscow's most loyal and doctrinaire allies, are facing new challenges from church and dissident groups that seek greater political freedom by advocating Mikhail S. Gorbachev's calls for reform.

More than 100 activists have been arrested in East Berlin in the past two months for staging human rights demonstrations in which they cited pronouncements by Mr. Gorbachev, the Soviet leader, and by Rosa Luxemburg, one of the founders of the Communist Party in Germany, as examples of how socialism can be fortified through more open expression.

In Czechoslovakia, more than 400,000 people have signed a petition in support of freedom for the Roman Catholic Church and hun- dreds of people have taken to the streets in recent weeks to demon- strate for the cause, braving arrests and beatings by riot police.

Other East-bloc governments,

such as those of Poland and Hun- gary, have confronted protests call- ing for more freedom and econo- mic changes. They have responded in part to the demands by embracing some of Mr. Gorbachev's reforms.

But in East Germany and Czechoslovakia, acceptance of So- viet-style reforms would be tantamount to rejecting orthodox poli- cies closely identified with the Communist leadership in both countries for the last two decades, according to East-bloc analysts.

Mr. Gorbachev himself has de- clared that "different paths to so- cialism" may be followed by Soviet allies. But his words have done nothing to dampen the enthusiasm of East German and Czechoslovak dissidents, who seem to relish the discomfort they cause for the authorities by quoting passages in the Communist Party newspaper Pravda extolling the virtues of re- form.

The opponents of reform in Prague and East Berlin have just- iced their latest crackdowns by as- serting that the dissidents are warp- ing and desecrating the message of

communism. But that condemna- tion carries little impact with popu- lations that see themselves as de- prived of the progressive atmos- phere prevailing in Moscow.

East Germany, already exposed to the influence of West German radio and television, fears that re- laxing restraints on its 17 million citizens could diminish popular ac- ceptance of Communist rule.

While a record number of at least 1.5 million East Germans received permission to travel to the West last year, the authorities have ruled out any application of the Soviet policy of *glasnost*, or openness, in East Germany.

"If your neighbor changes his wallpaper, does that mean you also have to do so?" an East German Politburo member replied last year to an interviewer's question about the relevance of Mr. Gorbachev's reforms in East Germany.

East German officials contend that their society already receives a broad range of information and opinion from abroad and does not require any further expansion of political expression at home.

But even within the party, a split has developed between the hard- liners in the leadership who want to maintain a rigid orthodoxy and younger cadres who favor more open political debate, according to East German party members and Western diplomats.

The Czechoslovak leadership was installed after the purge of the government of Alexander Dubcek, who sought to introduce in 1968 many of the policies Mr. Gorba- chev now promotes. The present leadership has adopted a version of Mr. Gorbachev's economic reform program. But it has rejected signifi- cant political reforms and more open expression because of the threat they may pose to its survival.

Despite the replacement in De- cember of the Czechoslovak leader, Gustav Husak, 75, by Milos Jakes, the rest of the leadership remains intact. Mr. Jakes, 65, has said that no political liberalization should be expected under his tenure.

In the face of government oppo- sition, dissidents in East Germany and Czechoslovakia have found a bastion of support in the churches.

East Germany's Lutheran Church has evolved into a political umbrel- la organization sheltering various protest groups, while the Roman Catholic Church in Czechoslovakia, which has long been repressed, has taken up the struggle for reli- gious freedom.

"Only 7 percent of the people here can be called Christian," said Ginter Krusche, the head of the Lutheran diocese in East Berlin. "But the huge growth of the con- gregation shows how much frustra- tion there is now in this society."

Protestant churches received concessions from the East German government in 1978, allowing them to operate more freely. In the early 1980s, they became a refuge for anti-nuclear groups opposed to the deployment of Soviet missiles in the country.

Now reformers are increasingly turning to the church to seek great- er political freedom at home.

The problems of the authorities in East Germany and Czechoslovakia have been exacerbated by re- cent internal party clashes.

Eggo Krenz, the East German Politburo member in charge of in- ternal security, once was consid- ered as likely to succeed Eric Hon- ecker. But he has suffered a loss in stature, and some analysts in East Berlin believe he may be in trouble.

Mr. Honecker, 76, has led East Germany since 1971. He appears to be in good health, but the apparent lack of a successor has raised cer- tain questions about the country's long- term direction.

East Germany's state security apparatus, known by the abbrevia- tion Stasi, faces uncertain leader- ship following the dismissal of Markus Wolf, the chief of foreign espionage. Mr. Wolf's political en- mies reportedly attacked him by seizing upon his reputed arrogance and libertine life-style.

# 2 Communist Leaders Seized in Manila Raid

**By Keith B. Richburg**  
**Washington Post Service**  
**MANILA**—Two leading officials of the outlawed Communist Party of the Philippines were arrested Tuesday, military officials said. They said this constituted a significant blow to the guerrilla movement.

The arrests, on the 19th anniversary of the founding of the party's armed wing, the New People's Army, marked the military's most significant catch since Rodolfo Sa- las, the Communist Party chair- man, was seized in September 1986.

sassinated a millionaire busi- nessman involved in the private bus industry in Manila. The victim, Ruben Saulog, was slain while he and his wife were on their way to church.

The arrests come at a time of severe divisions within the party, analysts said, partly because of de- bate over the wisdom of the new urban strategy and also over whether the Communists should be putting more emphasis on the legal, above-ground parliamentary strug- gle.

In abandoning his pursuit of the Israeli witnesses, Mr. Walsh will be unable to call Amiram Nir, until recently a special adviser on terror- ism to the Israeli prime minister. Starting in November 1985, Mr. Nir was in regular contact with Lieutenant Colonel Oliver L. North, a former White House aide, about U.S. hostages in Lebanon and Mr. Nir became the Israeli liai- son for the shipment of U.S. arms to Iran in 1986.

Colonel North, who was indicted March 16 on criminal conspiracy charges stemming from the diver-

# Israel Strikes Deal on Iran-Contra Case

**By George Lardner Jr.**  
**and Walter Pincus**  
**Washington Post Service**  
**WASHINGTON**—Lawrence E. Walsh, independent counsel in the Iran-contra affair, has agreed to drop his efforts to subpoena four major Israeli participants in the scandal for access to Swiss bank records and other Israeli govern- ment documents, according to Is- raeli sources.

The details came to light Monday after terse announcements by Mr. Walsh's office and the Israeli Embassy that more than 12 months of difficult negotiations had result- ed in an agreement.

Both sides said the agreement covers "the cooperation of the gov- ernment of Israel in the Iran-contra investigation" but declined to dis- close the terms.

In abandoning his pursuit of the Israeli witnesses, Mr. Walsh will be unable to call Amiram Nir, until recently a special adviser on terror- ism to the Israeli prime minister. Starting in November 1985, Mr. Nir was in regular contact with Lieutenant Colonel Oliver L. North, a former White House aide, about U.S. hostages in Lebanon and Mr. Nir became the Israeli liai- son for the shipment of U.S. arms to Iran in 1986.

Colonel North, who was indicted March 16 on criminal conspiracy charges stemming from the diver-

sion of arms sales profits, tried to get Mr. Nir to accept responsibility for the diversion in late November 1986 when the secret operations were beginning to unravel. Colonel North told the Iran-contra commit- tees that he and Mr. Nir had reached agreement on joint U.S.-Israeli operations that were to be funded from the arms sales profits.

The three other main Israeli participants, who will not be available for questioning, are:

- David Kimche, former direc- tor-general of the Israeli Foreign Ministry, who in July 1985 pro- posed the first arms-for-hostage swap to Robert C. McFarlane, then the U.S. national security adviser.
- Jacob Nimrodi, an Israeli arms merchant and former Defense Ministry attaché in Tehran who oversaw the 1985 Israeli shipments of U.S. arms to Iran and handled the funds generated by the sales.
- Al Schwimmer, who carried a personal message from Shimon Peres, the former Israeli prime minister, to President Ronald Reagan. Mr. Peres helped seal the 1985 shipments with a July 1985 visit to the White House.

"We are very glad we finally reached a compromise," said one Israeli official. "We have said from the beginning that we were willing to cooperate fully."

The Swiss bank records of Israeli government accounts that Mr.

Walsh is getting are needed to track the flow of funds generated by the arms sales in both 1985 and 1986, according to sources. The Israeli government has maintained that no funds passing through those ac- counts were diverted to support the Nicaraguan rebels, one of Colonel North's main projects. But the records are believed to have reflected other covert Israeli operations that the Israelis did not want to dis- close, according to Israeli sources.

In a related development, Repre- sentative Jim Wright, the speaker of the House, said Monday that he was unaware that one of his consul- tants had once tried to sell weapons to the Nicaraguan rebels through an offshore company that, it turned out, was working with the secret contra supply network of Colonel North.

The consultant, Richard M. Pena, made three trips to Central America with Mr. Wright last year and early this year, advising him on the cease-fire talks with Managua, according to a Wright spokesman.

Mr. Wright said that any ap- proach Mr. Pena may have made on selling arms to the contras did not take place while Mr. Pena was working for him.

The Associated Press reported that on Aug. 15, 1986, less than a year after leaving a job with the House Foreign Affairs Committee, Mr. Pena wrote a letter to Richard R. Miller, a public relations execu-

tive, mentioning his contacts with Uruguayan and Chilean arms com- panies and enclosing a list of prod- ucts — including cluster bombs, anti-personnel mines, grenades and other devices.

Mr. Miller and his partner, Francis D. Gomez, had set up the firm to store commissions on tax-ex- empt private donations to the contra cause. Mr. Miller pleaded guilty last year to conspiring with Colonel North to defraud the government through the scheme.

Mr. Pena gave a deposition on the matter to the Iran-contra con- gressional committees. The lobby- ist reportedly said he had talked with Mr. Miller about supplying some arms to the rebels after Con- gress renewed military aid to them in mid-1986.

Mr. Pena made no mention of Mr. Wright in his deposition, and no evidence has come to light that he had been questioned about the matter by the Iran-contra com- mittees.

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The past year has been frustrat- ing for the military in its struggle against the insurgent movement, which recently began launching large-scale attacks in the coun- try while increasing the tempo of assassinations in the cities.

The two leaders captured were Rafael Baylosis, identified as the general secretary of the Central Committee, and Benjamin de Vera, senior Central Committee mem- ber. They were arrested with at least four others during a raid on a rebel safehouse in the Manila sub- urb of San Juan.

A seventh suspect, identified as Napoleon Manuel, alleged to be a logistics officer for the New Peo- ple's Army, was arrested in a sepa- rate military raid on another safe- house in suburban Quezon City. In the two raids, military officials said they confiscated automatic weap- ons, hand grenades and computers.

"This is the product of intense surveillance by the intelligence community," said Lieutenant Gen- eral Renato de Villa, armed forces chief of staff. "This is another big blow to the CPP because these are ranking personalities who have been the object of a nationwide manhunt."

Sources said Mr. Baylosis and Mr. de Vera, while out in the inner circle of the Politburo's five-mem- ber executive committee, were long-serving cadres who helped to shape the movement and develop its current strategy of stepped-up urban warfare. It was believed their arrest temporarily could disrupt the Communists' administrative structure.

The source suggested the Com- munist Party must abandon their network of safehouses throughout Manila, which might delay plans to curtail their attacks on select mil- itary, government and foreign dip- lomats targets in the city.

More than a hundred people, mostly military and police officials, have been assassinated in the city by Communist hit squads, called "sparrow units," since the start-up of the recent urban guerrilla war- fare campaign in February 1987. This followed the collapse of a cease-fire agreement between the Communists and the government.

On Sunday, two gunmen sus- pected to be Communist rebels as-

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**Nobel Prizes to Increase 15% to \$428,000**

**The Associated Press**  
**STOCKHOLM**—The Nobel Foundation, after record-breaking profits, is raising the amount of its annual prizes by 15 percent to 25 million kronor (\$428,000), the head of the foundation said Tuesday.

The executive director, Stig Ra- gner, said the foundation estab- lished by Alfred Nobel's testament in 1896 increased its assets last year to 1.3 billion kronor, up from 816 million kronor. Last year's prizes were each worth 2,175,000 kronor, a 2 percent from 1986.

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The Test in Armenia

The "new thinking" of Mikhail Gorbachev on the ethnic crisis in his country has come to a pause of sorts with a reassertion of the old formula of centralized power.

From China to Arabia

Many countries produce intermediate-range missiles capable of carrying nuclear warheads; none have sold them to Third World states—until now.

A Party's Identity Crisis

Race can no longer be allowed to define, and obscure, Jesse Jackson's impressive campaign for the Democratic nomination.

Exit the Trade Issue

One big surprise in the primaries has been the absence of votes for trade protectionism. There has been a lot of concern about the economy in general, but protectionist legislation has not been winning elections for its authors and promoters.

Lo, Democracy Is Still Alive and Kicking

By William Pfaff

PARIS — A decade ago it was possible — indeed, fashionable — to believe that liberal democracy was finished.

carrier generation looked on American adventures abroad with greater cynicism. Finley Peter Dunne's Mr. Dooley described the United States as saying to the "poor, dissolute, uncovered wretches" that it intended to better: "We propose to 'larn ye th' uses iv' libery ... We can't give ye anny votes, because we haven't more thin enough to go round now; but we'll treat ye th' way a father shud treat his children if we have to break ivry bone in y'er bodies."

Don't Blot The Afghan Settlement

By Selig S. Harris

NEW YORK — America has lost the opportunity to goate a Soviet withdrawal from Afghanistan, by making unrealistic minute demands for changes.

Missiles: Steps That Might Check Proliferation

By Francois Heisbourg

LONDON — The announcement that Chinese-built intermediate-range ballistic missiles are to be developed in Saudi Arabia is a spectacular manifestation of a trend that augurs fundamental geopolitical change.

economic success achieved by China, India and Japan are bound to have political and sometimes military implications. But the truly dangerous trend toward the spread of ballistic missiles, arms of chemical and nuclear weapons in areas of conflict, needs to be addressed vigorously, as follows:



Illustration showing various types of missiles and rockets, including the SS-12 and SS-20.

is declining. The emergence of major new weapons suppliers like China and Brazil, independent of the military alliances, makes conflicts such as the Iran-Iraq war increasingly impervious to outside influence.

Ballistic missile proliferation must be dealt with seriously. Efforts to limit the spread of relevant technologies should not be confined to those Western countries that have essentially agreed to such limits.

SDI Partners: Much Ado About the Wrong Issue

By Bernd W. Kubbig

FRANKFURT — March 23 was the fifth anniversary of President Reagan's "Star Wars" speech. And last Sunday, March 27, was the second anniversary of the signing of a Memorandum of Understanding (MOU) between Washington and Bonn on participation of German contractors in the Strategic Defense Initiative.

The "American challenge" debate in the late 1960s and early '70s. These basic fears are likely to recur. What Western Europe needs is a determination to come of age — to develop a coordinated, effective high-tech policy of its own, instead of dreaming of getting the goodies from a foreign, military-oriented program.

For a Campaign to Combat Venality in Southeast Asia

By Syed Hussein Alatas

SINGAPORE — Many explanations for the condition of the Third World have been proposed. They include overpopulation, dependence on agricultural exports, social and cultural disruption arising from modernization, the legacy of colonialism and the ravages of capitalism. The most obvious explanation, corruption, is often ignored.

The third fear has to be taken more seriously, namely that SDI participation is an indirect contribution to expand the arms race in space. Both Bonn and London have said repeatedly that they want the Reagan administration to abide by the strict interpretation of the ABM Treaty.

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OPINION

Jesse Still Has Some Selling to Do

By A. M. Rosenthal

NEW YORK — That night, Governor Mario Cuomo was making a witty speech. Senator Bill Bradley was spending a quiet evening with his family. While those two intellectual stars of the Democratic Party were doing what comes naturally to them, Jesse Jackson was doing what he happens to prefer — making history, this time by rolling up Michigan and Governor Michael Dukakis.

ON MY MIND

stop sending the mixed social message that individuals must help themselves but that it is all society's fault. He would have to cut himself off publicly from the black racist Louis Farrakhan and the Farrakhanites of the world. He would have to stop seeing this as something white people try to force him to do because he is black, but see it rather as something he must do because it is right. He must come to see that it is one thing to advocate a Palestinian state, another to embrace a Yasser Arafat, sworn by covenant to the destruction of

Israel. This not only would calm Jews but help Jesse Jackson understand the Middle East more clearly. Mr. Jackson, I think, may do those things in time. But time is short for this campaign to win the white voters who fear anti-Semitic implications in the Farrakhan connection and those who are no more ready to vote for a candidate of the distinct left than they were when George McGovern gave them that opportunity. Incidentally, isn't McGovernism something to which Mr. Dukakis ought to give a little worried thought? At the Washington dinner where Mr. Cuomo spoke, there was talk among Democrats tired of living with Mr. Dukakis and several of them with Mr. Jackson about drafting Mr. Cuomo or Mr. Bradley. There was even more anger at the governor and the senator for sitting it out. Mr. Cuomo graciously stuck it to all the Democratic candidates with a dig or two. Meanwhile, in Michigan, Mr. Jackson had better things to do with his time. Bravo, Jesse Jackson. He showed what a real live politician can do. The New York Times.

A Jackson Nomination Could Hold Promise, Not Disaster, for the Party

By Tom Wicker

WASHINGTON — Jesse Jackson's nearly 2-to-1 victory in Michigan has thrown a lot of Democratic Party leaders, most of them anonymous, into an orgy of weeping, wailing and gnashing of teeth. Having finally perceived the truth of what they had been only pretending to believe — that Mr. Jackson is a real candidate, winning a lot of delegates — these nameless leaders now tell reporters that their party faces a terrible dilemma: ● Mr. Jackson might win the nomination in the primaries, in which case a black at the top of the ticket would mean certain Democratic defeat in November. ● But if these unnamed leaders somehow "stop Jackson" and nominate someone else, infuriated blacks will desert the party, which therefore would lose in November anyway and face a future without one of its largest and most reliable voting blocs.

strongly motivated Jackson supporters give him an advantage (of the same kind Robertson briefly gained in the Iowa Republican caucus). That will not be true in New York, Pennsylvania, Ohio, California, New Jersey and other major states still to express a preference. Under the Democratic Party's system of proportional representation, all candidates can win some delegates in each state. With Michael Dukakis and Albert Gore very much in the race and Paul Simon hanging on, it will be hard for even a charismatic candidate like Mr. Jackson to move from the 518 delegates he now has to the 2,082 needed for nomination. The task is complicated by the 646

1988, owing to Mr. Jackson's sharp departure from the established, often irrelevant norms of public discourse and political vision. It might open an even greater future to the party of Roosevelt, Truman, Kennedy and Johnson. What is actually likely to happen is that no Democrat will win in the primaries, and that there will be a brokered nomination and a compromise candidate: Mr. Jackson will surely have the delegates and the political ability to assert

his own interests; and any transparent "stop Jackson" tactics designed to deprive him of his due will surely backfire. The ticket finally chosen may include Mr. Jackson in one place or another — but it is more important that it be fairly chosen. If it is, and if he and the other candidates are the "mainstream Democrats" they say they are, such a ticket should drive no one from the party, and might be a promise rather than a disaster. The New York Times.



How to Talk to Christopher Of Drugs, Sex and Cursing

By Dawn Sangrey

BEDFORD HILLS, New York — Three attractive bachelors live together in a fancy Manhattan penthouse. Two of them throw a gala birthday party for the third, cramming their apartment full of beautiful, sexy people who laugh and dance the night away. At last the cake is cut and the guests depart, leaving behind an especially luscious young woman to spend the night with one of the hosts. He is a notorious Don Juan. His less-fortunate roommates console themselves. Next morning, a beribboned basket appears at the apartment door. Inside is an adorable baby girl and a note from her mother that names the philandering bachelor as her father. Thus begins one of the most popular U.S. films of the season, a comedy called "Three Men and a Cradle."

MEANWHILE

behind an especially luscious young woman to spend the night with one of the hosts. He is a notorious Don Juan. His less-fortunate roommates console themselves. Next morning, a beribboned basket appears at the apartment door. Inside is an adorable baby girl and a note from her mother that names the philandering bachelor as her father. Thus begins one of the most popular U.S. films of the season, a comedy called "Three Men and a Cradle."

LETTERS TO THE EDITOR

A Zimbabwean Response

Some of the observations made in the report "Terror in Zimbabwe" (March 9) call for clarification. There has been a marked lull in dissident activity in Matabeleland since the signing late last year of the unity pact between the ruling party of President Robert Mugabe and that of Joshua Nkomo. Zimbabwe acknowledges the contribution of its white farmers. But it must be noted that since independence, peasant agricultural output has made huge strides. For crops like maize and cotton, production is nearly half the national harvest. To assert, as a Western diplomat is quoted as saying, that the whites seem to "have hired the blacks to run the government," implies a we-they situation between the government and the private sector. Nothing could be further from the truth. Not only does the private sector work closely with the government, but the government actively participates in some of the country's major economic enterprises, through joint shareholding. I might also point out that the Parliament still has some 20 white members. E.O. MAMUTSE, Press Attaché, Embassy of Zimbabwe, Paris.

Too Long at the Bar

Regarding "These Days the Men at Farrell's Bar Don't Yore" (March 17): You mean the white, working-class men of Farrell's Bar are dull-eyed and slack-jawed with apathy? Ton must be kidding and self-pitying grumbling with the boys are more likely to have produced the effect. After all, in the United States, elected and elected come from the same cauldron. They are us. There are places in the world where the people are sharp-eyed and ready to go. Staring out the windows for hours at the changing world is a retreat from life not to be sympathized with. KELLY COLGAN, Kyoto, Japan.

Case of the Missing Series

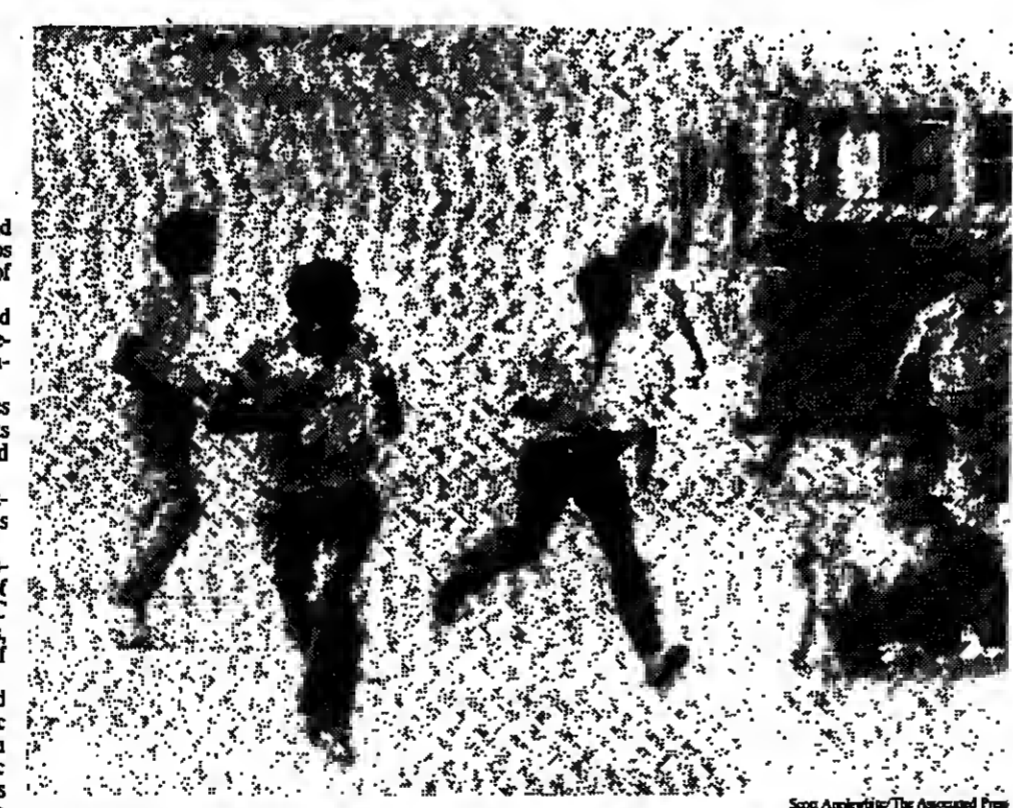
Wilhelm Hampton, in "Inspector Malignant: The TV Case" (Feb. 25), implies that the planned "Malignant" series will be something novel for television. But he omits any reference to the excellent BBC series produced in the late 1950s. I hope the new series will do as well. JOEL McCORMICK, Hong Kong.

See this movie with our 8-year-old son Christopher, whose friends had raved about it. I see their point: It's a perfect movie for third-graders, full of disarming-changing jokes. It also has a truck ending, which the kids probably missed. After the three men have learned to care for the baby, her mother reappears and wants her back. How can they keep the baby? For a few minutes, the film flirts with the time-honored solution. I actually thought Tom Selleck was going to tell Ted Danson to make an honest woman of her. Instead, they persuade the mother to move in to their bachelor pad, where she and the baby will have rooms of their own. "Three Men and a Baby" includes cursing, sexy talk, a very tame love scene and a lot of infantile female frontal nudity. I don't object to Christopher's hearing rude language or seeing naked babies. But I wonder what he makes of the off-handedly promiscuous, pleasantly uncommitted life style of the adult men. When I was a kid, we weren't allowed comic books or dirty words or movies with sexy scenes in them. (My husband likes to grow up in a closet.) We read "The Bobsey Twins" and "Five Little Peppers." We watched "Lassie" and "Ozzy and Harriet." These tame amusements were designed to keep us out of the adult world and to give us something to think about. When we finally inherited the earth, we would know how to behave and how to make things better. No one has such lofty ambitions for children now. We take them all at watch grown men make poor jokes and play out the fantasies of an aging yuppie: Caring for a baby is no more complicated than playing with a doll. Having sex with lots of partners is charming, funny and fun. A respected elder at our local church once advised me that using illegal drugs was just something kids these days had to go through, like having their first pimple. Perfectly nice parents still say the same thing about teen-age sex, as if their children were immune to the sneeze of sleeping around or unable to catch the AIDS virus. But not everybody talks this way. I once interviewed a mother of teenage sons who lives on a mountain ranch in the Northwest. She told me how she had talked to her boys about running wild. "I explained that this is your seed," she said. "And if a young girl comes to me pregnant with your child, we will take that girl in, and you will help raise that baby, my grandchild. Because if you're old enough to make a baby, you're old enough to be responsible." I blush to recall how superior I felt to that mountain woman. I thought I was a freethinker and she was a prude. My own son was still in diapers. Now, as I consider what I will say to Christopher about his sexual responsibility, I find myself trying out her words in my mouth. They taste vaguely familiar and almost right. The writer is author of a book about women and marriage. She contributed this comment to The New York Times.

GENERAL NEWS

U.S. Is 'Outraged' At Panama Beating

WASHINGTON — The White House on Tuesday expressed outrage at attacks on reporters and opposition leaders by Panamanian troops and warned that U.S. organize with the regime of General Manuel Antonio Noriega had its limits. "It's always been a principle that we will protect American citizens as best we can," said Martin Fitzwater, chief spokesman for President Ronald Reagan. "And while we have said that we don't plan to go in militarily, it's also important to note that there are limits." The warning, which he said was not intended to raise the possibility of military action, followed a suggestion by a Panamanian envoy in Washington that a U.S.-led commando raid might be the best way to oust General Noriega. Several U.S. journalists were beaten and detained on Monday when riot police burst into Panama City's largest hotel as opposition leaders were about to hold a news conference.



In Panama City, anti-Noriega protesters flee from tear gas fired by the defense forces.

MISSILES: Saudis Concealed Purchase From U.S.

(Continued from Page 1) Americans this is a question of strict confidentiality between Saudi Arabia and China and pointing out that it does not allow the Chinese to inspect U.S.-provided AWACS surveillance aircraft. Saudi diplomats, who have been briefing members of Congress on their newly acquired Chinese missiles, have emphasized that Riyadh turned to Beijing for help only after Congress repeatedly rebuffed its efforts to obtain U.S. arms, including F-15Es and the short-range Lance missile, which has a range of about 70 miles. "They felt naked," Mr. Murphy told a House committee on Thursday. "They did come to us. They asked us for the Lance missile and we were not prepared to sell so they went elsewhere. I regret it." Mr. Murphy said there had been "grave concern" in the administration that the Chinese missiles carried nuclear warheads, but said both China and Saudi Arabia have provided assurances that this was not so. Prince Bandar has delivered a March 12 letter from King Fahd to President Ronald Reagan conveying the assurance in writing. The Saudis went to great lengths to deceive Washington about their purchase of missiles from the Chinese, according to one knowledgeable source. According to the source, the Saudis have taken the position that they never lied outright to the Americans, but also never told them the whole truth. The Saudis used a budding economic relationship with China, specifically in the petrochemical field where the kingdom was in search of markets for expanding Saudi production, to develop secret contacts with the Chinese. Saudi Arabia has diplomatic relations with Taiwan, and does not formally recognize China. Prince Bandar's visit to China was made under the pretext that he was trying to persuade it to stop selling arms to Iran. The Saudis told the Americans they had "offered" to compensate the Chinese for the loss of arms sales to Iran by buying the same weapons, includ-

WARM: More Scientists Back the Greenhouse Effect

(Continued from Page 1) would mean that an era of global warming, caused by humans and certain to affect them in major ways, has begun. How hot is the world now? The scientists do not offer a straightforward response, saying that the vast amount of data still being studied and that comparisons cannot be precise. But the data gathered by U.S., British and Soviet scientific teams generally show a faster warming so far in the 1980s than in the century before. And most of the readings agree that the three or four warmest years on record occurred in this decade. One scientist, Dr. James E. Hansen of the National Aeronautics and Space Administration's Institute for Space Studies in Manhattan, said he used the 30-year period from 1950 to 1980, when the average global temperature was 59 degrees Fahrenheit (15 degrees Centigrade) as a base to determine temperature variations. He said his readings showed that the average global temperature rose about as much since the base period as it did from the 1880s to the base period — about half a degree in both cases. Dr. Hansen stressed that these were estimates and that it

Radio Bans Song on Army

JERUSALEM — Israel's army-run radio station banned a protest song critical of government policy in the occupied territories, the director of the station said Tuesday. "It attacks Israeli soldiers," Colonel Natman Shai said of the song "Shooting and Crying" written and sung by Si Hyman, an Israeli pop singer. Ms. Hyman said she wrote the song after a Feb. 5 incident in which Israeli soldiers buried four Palestinians alive. One verse says: "They shout and cry, burn and laugh. When did they learn to hurry people alive? They shout and cry, burn and laugh. When did they forget that our children also have been killed?" Michael Oppenheimer, of the Environmental Defense Fund, of New York, said, "If the last few years are taken seriously it means the world is now warming very rapidly and, at the beginning of the next century, the climate warming will be the major environmental problem of the globe."

HOLD: Recordings Provide New Hang-Up in the U.S.

(Continued from Page 1) "Who's calling?" "Harry Smith." "He's not in." Is Mr. Brown really not in? Suspicion lingers, often justified, especially if the secretary says, "I'll see if he's in," and comes back and says he isn't. Admittedly, busy people must have their calls screened, but it should be possible to leave callers with a modicum of dignity. If it's true that Mr. Brown isn't in, why not say, "He isn't in but would you care to leave your name?" And if he is there, couldn't the same stalling effect be achieved with, "He's busy at the moment but may I leave him your name and a message?" Possibly the most frustrating telephone calls are those answered with a recording that offers all the general information you might think of — save the precise bit you need. The other day a woman who wanted to send a card to a friend in a California hospital telephoned the hospital to get the address. A recording told her what to do about everything except what she had called to find out. She finally telephoned another friend in that city and asked her to look up the address. And then there are the supreme egotists among acquaintances and friends: the men and women who telephone and don't bother to identify themselves because they as-

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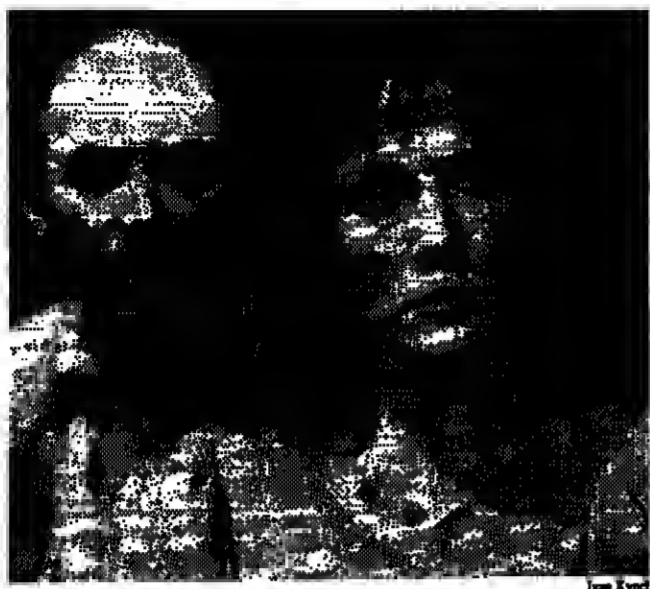
ARTS / LEISURE

Marvelous, Spectacular 'Jew,' Tiresome, Turgid 'Cymbeline'

By Sheridan Morley

LONDON — The Barbican is now open to transfers from last summer's Stratford productions, and at a time when there seems to be a genuine crisis of RSC identity at their home base it is well worth noting that the company is still capable of some superlative work.

Barry Kyle's "The Jew of Malta," first of the 1987 shows onto the main London stage, opened strong-



Donald Sumpter, Harriet Walter in "Cymbeline": A shambles.

ly enough by the Avon nine months ago but has now developed into a marvelously confident Machiavelian spectacular in which poisoned puns fall like rain from the rafters while Middle Eastern paratroopers storm their way through Marlowe's black, anti-Semitic tragicomedies of wondrous energy and invention.

Since Antony Sher is curiously not doubting this Jew with his current RSC Snylock, it falls to Alan Armstrong to give us a title performance of rare and rampant evil, double- and treble-crossing the equally treacherous Knights of Malta (led by an infinitely suave and equally untrustworthy John

Carisle) until he is finally caught in the strings of one of his own traps and literally plunged into the fiery furnaces of hell.

"But that was in another country, and besides the wench is dead," the play's most famous line, perfectly captures the air of casual

feeling. There is no greater test of its dramatic vivacity than that.

I wish I could be equally or even mildly enthusiastic about the "Cymbeline" that is going on below it in the Barbican Pit. Bill Alexander's production is a marathon sprawl across almost four hours, though there is perhaps some faint academic case to be made for the theory that if you are to suffer this play at all, you may as well suffer its entire eternity.

One of the most tiresome of all Shakespeare's late failures, it is not much helped by strict confinement to a studio stage where there is no hope of descending deities or lavish special effects or scenery to take the mind off a turgid maze of plot and poetry.

Toward the all too welcome end, David Bradley in the title role is allowed irritable and repeated queries as to what is going on. But by then we are way past caring. "Fear no more the heat of the sun" is but a small reward for acres of some of the least distinguished of all Shakespearean speeches. Not since the Vanessa Redgrave production of 1962 have I seen a vaguely plausible Imogen. Harriet Walter is little more than statuesque, and her sup-



Alan Armstrong (left) as Barabas in Christopher Marlowe's "The Jew of Malta": A performance of rare and rampant evil

porting company fails to bring a sprawling shambles to any kind of meaningful life. I now await, with some trepidation, the Peter Hall farewell "Cymbeline" on the South Bank. Linked to "The Tempest" and "The Winter's Tale," it may just possibly acquire a strength that it totally lacks on its own.

For a couple of AIDS charity performances, Julia McKenzie took the younger members of the cast of "Follies," in which she is currently starring, and put them into a workshop concert version of another Sondheim musical, "Merrily We Roll Along," that ran very briefly on Broadway in 1981. Based on the old Kaufman-Hart morality play of 1934 about a Broadway

producer (now a composer) who sells his soul to Hollywood, this is one of Sondheim's richest and most rewarding scores. I fervently hope that gala will pave the way for a long-overdue West End staging, preferably with last weekend's stunning cast at the Shaftesbury.

At the Playhouse, "Nite Club Confidential" is just awful. A mis-

Rare Poe Book Found

By David Streitfeld

WASHINGTON — An extraordinarily rare copy of Edgar Allan Poe's first collection of poems has been discovered in a New Hampshire book barn. Titled "Tamerlane and Other Poems," it is the 12th known copy.

The discoverer paid \$15 for the book, which he found in a bin of pamphlets on farm implements and fertilizers. Sotheby's, which will auction the book on June 7, estimates it could fetch as much as \$300,000.

"Our experts have examined it really thoroughly and compared it with other known copies, and there seems to be no question whatsoever about its authenticity," said David Redden, Sotheby's senior vice president and director of its books and manuscripts division.

Redden said it was the most important book discovery since the last copy of "Tamerlane" was found, in 1954. That copy brought \$123,000 at auction in 1974. "Tamerlane" was printed in Boston in 1827. Its authorship on the title page is attributed only to "a Bostonian."

The man who found it is remaining anonymous. "I knew I had found something great, a piece of Americana. I knew it was valuable but never dreamed that it would mean this much money. Actually, I didn't handle it real careful-

ly when I first got it. I thumbed through it. I never read anything by Poe in my life. I really don't know too much about books."

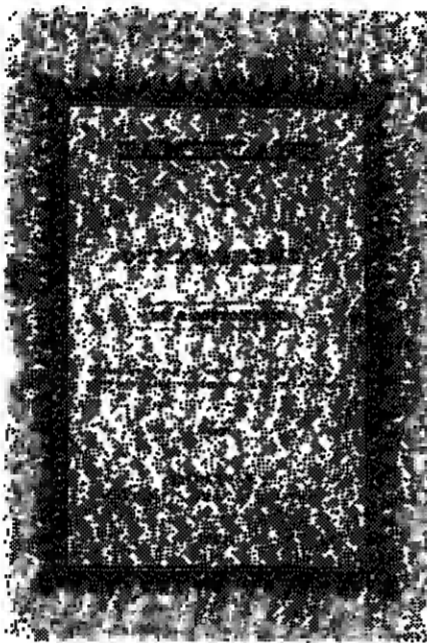
He contacted the Boston office of Sotheby's, which shipped the book to New York by armored car.

One of the first things the auction house did was check the whereabouts of all known copies of "Tamerlane." A copy had been stolen from the University of Virginia in Charlottesville in 1974, but this was not the same one.

The importance of "Tamerlane" lies in the fact that it is Poe's first printed work. Several hundred copies may have been initially printed, but most of these have been destroyed.

The preface to the 40-page book states that "the greater part of the Poems which compose this little volume, were written in the year 1821-2, when the author had not completed his 14th year. They were of course not intended for publication; why they are now published concerns no one but himself." Poe was 18 at the time.

This copy is in remarkably good condition, although the paper covers are stained. "It looks its age, but it's not in any way seriously damaged," said Redden. "It's in very nice shape. Its sojourn in the bin with the fertilizer pamphlets hasn't hurt it at all."



Title page of Poe's 1827 volume of poems, one of only 12 copies known to exist.

Operatic Tumult of Disapproval

By James Helme Sutcliffe

HAMBURG — When Rolf Liebermann first left Hamburg in 1973 to take up the challenge that opera has always faced in Paris, he might well have thought that he had successfully guided for over a decade, though admittedly the degree of darkness varied.

Hardly had August Everding arrived in Hamburg than he wanted to be released from his contract to become master of Munich's theatrical scene. Christoph von Dohnanyi then took over, one of the first conductors to do so, and trouble between him and the Hamburg State Philharmonic (which plays for the opera) soon reared its head. He brought in the most avant-garde stage directors he could find, mostly from the legitimate stage, who treated opera like a stepchild, fair game for incomprehensible production experiments.

A disastrous fire in the scenery warehouse wiped out half the settings in storage. Then, during a "Lohengrin" performance in 1981, part of the upper stage machinery collapsed, killing a stagehand and seriously crippling two others. Only those operas could be performed whose scenery did not need to use the grid. Götz Friedrich's

new "Ring" cycle, just begun with "Das Rheingold" (the tenor singing Froh died of a heart attack on stage) had to be scrapped after three performances. When Dohnanyi departed for Cleveland, his successor, Kurt Horres, lasted only three months. An SOS went out to Liebermann to return to Hamburg and save the theater he had made into Germany's finest ensemble

stage machinery could be repaired (1990 is the hoped-for deadline), but were furious at price policies.

Some 5,000 opera lovers handed back their subscriptions, tired of quirky "modern" productions or opening nights with immature singers not ready for their roles. The 1986-87 season managed only two new productions in the opera house itself before succumbing to internal

slope on the right while some else played his dramatically sentimental pipe. Tristan went to sleep (he kept changing positions) in an aluminum dinghy from which he began her Liebestod while rowing on dry land, ending it by embracing the moon painted on the drop curtain that had since descended.

Tristan went to sleep in an aluminum dinghy from which Isolde began her Liebestod while rowing on dry land, ending it by embracing the moon painted on the drop curtain that had since descended.

during his 15-year regime that ended in 1973.

On a TV talk show a year ago Liebermann complained that his predecessors had left him with an artistic and architectural ruin, so old was the ensemble, so decrepit the theater. But some of his own ideas for rejuvenating the audience, singer ensemble and stage ran afoul of public opinion as well. Hamburgers bore with late season openings and early closings so that the

misunderstandings that caused the music director, Hans Zender, to withdraw. The current season got off to a better start with a surrealistic "Don Giovanni," a scenically tasteless "Don Pasquale" in which great vocalists were cast alongside the veteran Paolo Montarsolo, and a magnificent "Cav" and "Pag" staged by Giancarlo Del Monaco, the first "normal" production for years and a triumph for Julia Varady as Santuzza.

Now, with a farewell production in the opera house itself (May and June will bring smaller-scale works in other ambiances), the Hamburg Staatsoper has experienced perhaps the fiercest tumult of disapproval in its history, and that for a new production of Wagner's "Tristan und Isolde."

The East Berlin director Ruth Berghaus and her designer Hans Dieter Schaal set the opera evidently on a spaceship with a background of stars and a periodically passing moon, with 24 crew members doing slow synchronized push-ups under as many deck chairs. A gleaming machine, maybe a laser scanner, occupied much of stage center and at one point it looked as though Isolde, with her green punk bangs above long black locks, was going to be strapped to a board and shoved through the tube.

Act 2 took place within the huge turbine of the ship, a bright planet gliding past the rear opening at intervals. It was all perfectly executed and pleasant to look at but had nothing to do with the opera's plot, as when Meier and Co. senselessly "surprised" the lovers during their "tryst" nowhere near each other while reclining on distant rotating turbine blades.

By Act 3 a huge moon had crashed into stage center, the shop-herd in a red jumpsuit (a favorite costume for Berghaus's preferred designer Marie-Luise Strand) was moustacheing up and down the

James Helme Sutcliffe is a music critic based in Berlin.

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# Futures: Turmoil in the Markets

## CHICAGO:

### The Next Worry: Foreign Markets

**MILWAUKEE** — Where do futures go from here? While the stock market crash of October and the studies into why it happened will give the futures markets and exchanges something to think about for several months at least, that event will not have a profound effect on the industry as a whole.

The crash will most likely affect only the markets in stock index futures, and then perhaps not very much.

Instead, the futures industry will focus on globalization, spurred by rapid communications, the springing up of futures exchanges all over the world and the forging of links among them.

"Globalization is the next thing; competition is the keyword," said Frederick Grede, vice president of administration at the Chicago Board of Trade, the world's largest futures exchange. The volume last year was 101 million contracts, up from 81 million the year before.

New exchanges could challenge Chicago's dominance in futures by siphoning off business unless Chicago fights to protect its turf.

"Anyone who says foreign markets are not a threat is simply dead wrong," Mr. Grede said. "It takes not days, not hours, not minutes

for business to move overseas. It takes only seconds."

A good example was the week of Oct. 19, when the Chicago Board of Trade's Treasury bond futures contract reached its maximum-allowed daily price limit as scared investors fled the collapsing stock market and parked their funds in a secure haven.

The CBT contract unofficially stopped trading at its daily price limit, but London's International Financial Futures Exchange was open. Its similar contract picked up the overflow, and volume there soared by 800 percent.

This year, Chicago will try to rope in this foreign competition, either by linking up with it or inventing a better way of doing things.

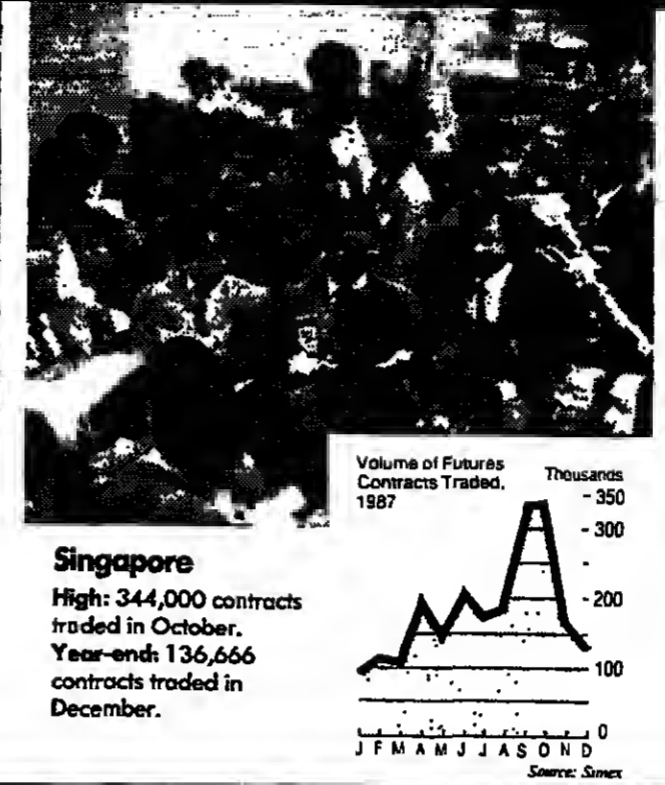
Although the stock market crash is on everyone's mind, a look at the volume figures for stock index futures shows that the industry's phenomenal growth in 1987 was not due to these stock-related contracts.

Their importance was overshadowed by the collapse of the dollar.

For example, the world's most popular stock index future — the Standard & Poor's 500 stock index on the Chicago Mercantile Exchange's Index and Options sub-

## Fallout From Black Monday: Futures Volume Drops Sharply

SYMBOL	Futures		Options	
	High	Low	High	Low
SX	6455	435	25	100
SP	5495	440	20	135
SI	6475	415	25	100
SO	5450	440	20	135
SP	47	35	5	9
SI	40	33	5	9
SO	34	25	5	9
SP	25	30	5	9
SI	25	30	5	9
SO	25	30	5	9



City	High	Year-end
Chicago	23,787,698 contracts traded in October	16,656,010 contracts traded in December
Singapore	344,000 contracts traded in October	136,666 contracts traded in December
London	1,465,204 contracts traded in October	725,929 contracts traded in December

## ASIA-PACIFIC:

### Rival Bourses Grope For New Strategies

**SINGAPORE** — On the morning of Oct. 20, the day after Black Monday's stock market crash, Singapore's International Monetary Exchange, opened to a session of frenzied trading.

By nightfall, trading had swelled to record proportions. Some firms lost \$15 million to \$20 million, and 10 local traders became millionaires. There were no under defaults.

In Hong Kong, however, the stock and futures exchanges — later suspended for four days after the crash — had erupted with the world's largest meltdown of share prices as Hong Kong stocks plummeted in one of the worst one-day plunges on any stock market in history. The government took over the exchanges, set up a 4 billion Hong Kong dollar (\$519 million) bailout fund to bail out defaulters and suspended 43 futures traders.

The contrasting scenes reflect the differences between Singapore and Hong Kong, rivals along with the Sydney Futures Exchange for dominance of the Asia-Pacific financial futures and options business from Japan, the United States and Europe. Every day, \$150 bil-

## U.S. Industry Braces for a Battle Over Jurisdiction

**MILWAUKEE** — There is no doubt that the multitude of reports following the stock market crash in October have put the futures markets on the defensive.

So-called computer trading took much of the blame. Even if it wasn't the main culprit in the collapse, its presence, and the fact that it is difficult to understand, have made it a target.

Computer trading takes several forms, which can replace the trader as the decision maker. So-called portfolio insurance, where movements in the market can trigger increasing sell orders as prices fall, and arbitrage, where computers constantly watch for any trading advantage stemming from short-lived differences in price between the Standard and Poor's 500 stock index futures contract, and the actual S & P 500 stock index, as calculated by the prices of the 500 stocks that make it up.

Other aspects of computer trading are analytical programs that trigger buy and sell orders, and a computerized order entry system on the New York Stock Exchange that allows money managers to automatically buy or sell huge blocks of stock. This is especially useful when trading all the stocks that make up the S & P index.

Now the futures industry is bracing for several months of intense lobbying in Washington that will, if successful, leave it pretty much the same as now.

But if it fails, trading will almost certainly be more expensive and the rapid growth of recent years will be stunted.

The industry believes the problem is one of education. If Congress can be made fully aware of how futures markets work and why they exist, then the industry might emerge from 1988 intact.

The alternative is one that the exchanges do not want to face: increased regulation, oversight by more than one U.S. agency and a great increase in the cost of doing business that will likely drive trading into the arms of overseas exchanges.

By mid-March, the futures and stock exchanges had improved their emergency systems and agreed to talk to each other when crises develop. Chicago's ex-

changes had imposed limits on the amount their stock index futures contracts could move in a day, and the New York Stock Exchange disallowed the use of exchange computers for electronic order entries if the Dow Jones moved 50 points from the previous day's close.

But these moves did not quash the threat of more regulation. By mid-March the SEC's five-person commission remained divided over whether to propose that the agency should take over responsibility for stock index futures from the Commodity Futures Trading Commission.

Leo Melamed, chairman of the Chicago Mercantile Exchange's executive committee, told the Sumitomo Life Research Institute in Tokyo in mid-February: "The solutions to Oct. 19 do not lie in new federal regulations, new federal authority, nor the ban on program trading or other market strategies. Rather, they will be found in restructuring the world marketplaces so that their mechanics are more efficient and better geared to accommodate the business flows caused by the information standard. Simply stated, the solutions will be found in embracing reality."

The "information standard" he referred to was a term coined by Walter Wriston, former Citicorp

chairman, to explain the technological revolution in sharing information.

Computer screens around the world disseminate news in seconds, and, as Mr. Melamed said, "this has placed demands on our markets which cannot be met by current mechanisms."

When stocks crashed in October, "most traditional world markets were operating on a technological standard equivalent to the steamboat, while those who make market decisions were using the jet plane," he said.

Thus, Mr. Melamed believes Congress must be shown that the answer to preventing another Oct. 19 lies in updating market technology to cope with information flows, rather than in more regulation.

The battle in Washington will be fought over two major issues: jurisdiction and margins. The futures exchanges believe both are adequate and want Congress, which is under pressure to "do something," to leave them alone.

Since financial futures began trading in 1975 with the Chicago Board of Trade's Government National Mortgage Association certificates, the futures industry has fought off the Securities and Exchange Commission and remained

## LONDON:

### Market Ventures Into Diversification

**LONDON** — If imitation is the sincerest form of flattery, the London International Financial Futures Exchange has reason to be pleased.

Other futures and options exchanges spring up across Europe, the 5½-year-old Liffe is busy solidifying its position as the futures and options market in the European time zone as well as coping with the inevitable and enable problems success brings.

The exchange is riding a tide of rapid growth, product internationalization and expansion, and increasing awareness of the uses of futures and options, particularly in Europe. However, the Liffe feels it has been hurt by the high cost of entry for new participants.

The products, which began with a sterling deposit and sterling futures contract, now include 20 futures and options contracts on U.S. Treasury bonds, the Financial Stock Exchange 100 equity index and contracts spanning the U.K. yield curve.

This product expansion, some

## Money Managers Take Another Look At Risk of Hedging

**LONDON** — Events of the past few months have led financial institutions and end users like pension fund managers and insurance companies to reappraise the characteristics of risk and volatility in the futures and options markets.

One effect has been to put a damper on innovation. The October stock market crash has forced investors to look more closely at futures and options and to examine their risk-reducing properties, rather than viewing them as gimmicks on which to leverage up their positions since derivative instruments allow trading on margin payments.

"When people are making money, they think about making money," says James Woodcock, a director at Barclays de Zoete Wedd. "Anyone would do anything," he adds, referring to the heavy pre-crash days, when novelty and excitement seemed to be the key attributes of products emerging weekly from financial houses. Now, when

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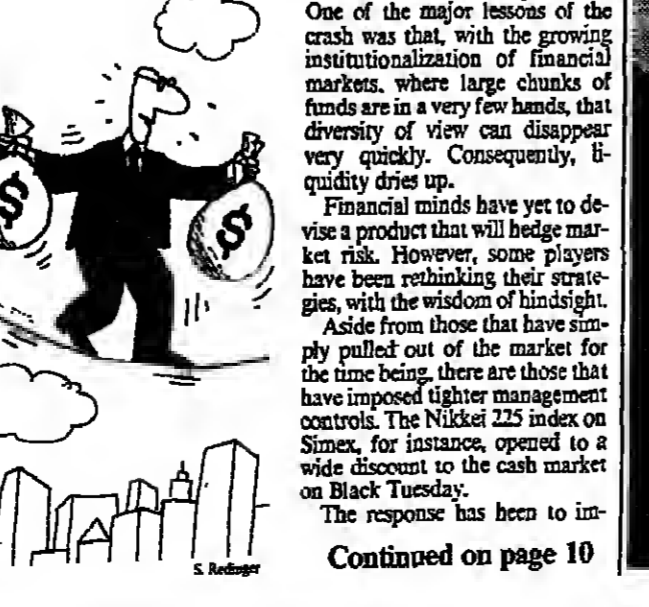
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Continued on page 10

Continued on page 10



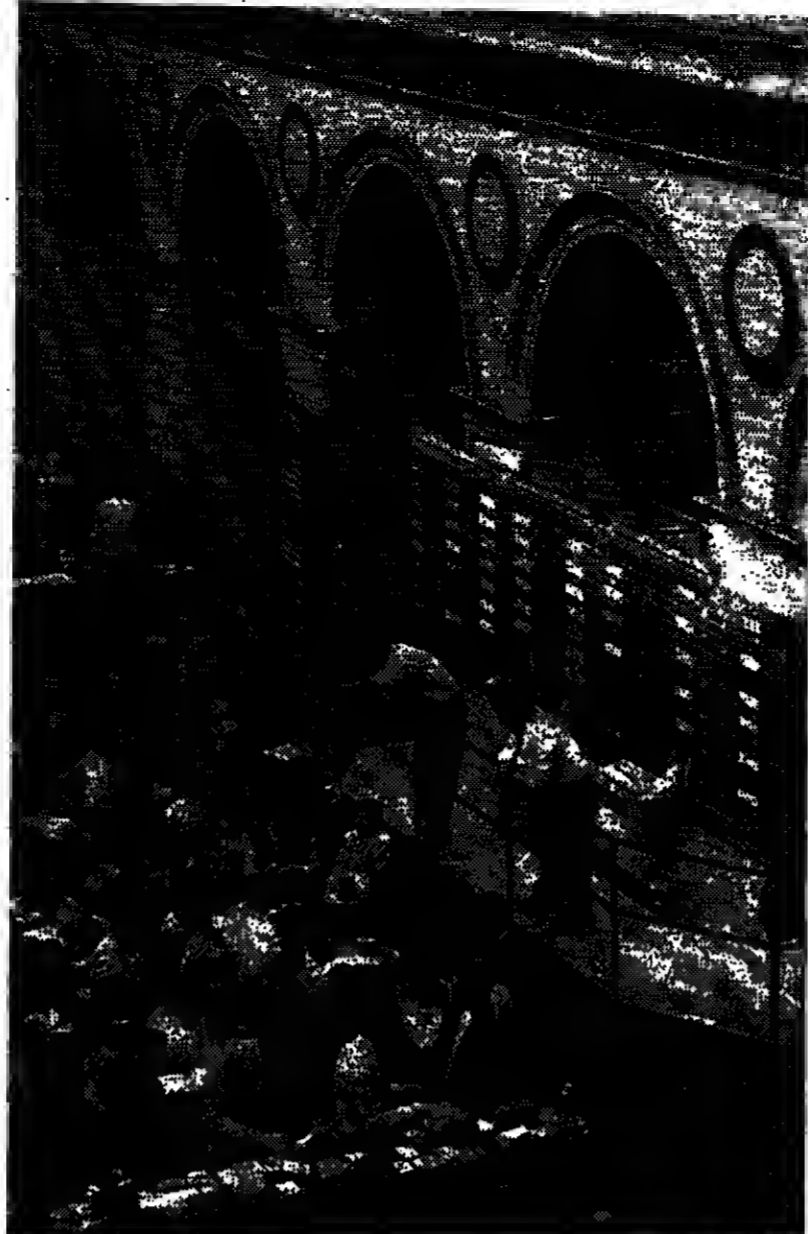
New Markets in Europe

After Meteoric Rise, Scandal, Paris' Matif Seeks to Consolidate

By Bernard Wolfson

PARIS — By all accounts, the performance of the Paris financial futures market in its two years of existence has been nothing less than stellar. The Matif (Marché à Terme des Instruments Financiers) opened its doors on Feb. 19, 1986, with the principal aim of allowing investors to hedge against the interest rate volatility that had bedeviled financial markets since the early 1970s.

For the time being, the emphasis on high volume and quick profits has given way to a period of soul-searching and a spirit of reform. A number of Matif participants have voiced concern that the scandal could tarnish the market's reputation internationally and lead to new regulations that would scare off potential investors who are attracted to the market by its accessibility.



At the Bourse in Paris.

Amsterdam's EOE Faces An Array of Competitors

By Ronald van de Krol

AMSTERDAM — From Scandinavia to the Mediterranean, Europe is witnessing the birth of a new generation of options and futures exchanges, dashing the initial hopes of Amsterdam's European Options Exchange that it would become the continent's single center for options trading.

including precious metal contracts. In addition, it is the only exchange outside the United States to list an option on the U.S. Major Market Index, a basket of blue-chip stocks traded on the American Stock Exchange. Last year, the EOE also set up a financial futures subsidiary in Amsterdam to attract more business.

'We need to bring about better cooperation among European options exchanges to compete with the U.S.'

Options Market Is Back on Track

By Jacques Neher

PARIS — Although temporarily derailed by the crash in October, the new Paris stock options market appears to be back on track. And while major institutional investors have yet to make their presence felt in the still limited market, analysts say that could change with the planned introduction in September of an options contract based on a Paris Bourse stock index.

'The market was still a baby, only five weeks old. Obviously, it couldn't withstand the crash effects.' London's options market has 53 stock options and the Amsterdam market offers around 40. Currently, the Moneyp offers call and put options on the underlying stocks of Elf Aquitaine (energy and chemicals); Compagnie du Midi (real estate and insurance); Lafarge-Coppee (cement); Paribas (investment banking); Thomson-CSF (electronics and defense); Saint-Gobain (glass); Peugeot and Michelin.

Advertisement for Elders Futures Fund Limited. Includes logo, company name, performance table for 1987, 1986, and 1985, and contact information for Lippert Analytical Securities Inc.

Advertisement for Parkley Futures Limited, featuring a logo and contact details for their London and New York offices.

Advertisement for Lind-Wallock, offering futures trading services with a form for client registration and contact information.

NYSE Most Actives table with columns for stock symbol, price, and volume.

Market Sales table showing volume and value for various market segments.

NYSE Index table showing composite index, industrial, utility, and finance indices.

Tuesday's NYSE Closing logo and text: Via The Associated Press.

AMEX Diary table listing advanced, declined, and unchanged stocks.

NASDAQ Index table showing composite index and various sub-indices.

AMEX Most Actives table listing top trading stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table showing advanced, declined, and unchanged stocks.

Odd-Lot Trading in N.Y. table showing buy and sell orders.

Dow Jones Averages table showing industrial, utility, and finance averages.

Standard & Poor's Index table showing various market indices.

NASDAQ Diary table listing advanced, declined, and unchanged stocks.

AMEX Stock Index table showing various market indices.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices and market data, including 12-month high/low and volume.

NYSE Up in Moderate Trading

NEW YORK — Prices on the New York Stock Exchange closed higher Tuesday in moderate trading, bolstered by bargain hunters and a rebound in the value of the dollar.

The Dow Jones industrial average, which rose 0.82 Monday, was up 18.57 points at the close, at 1,998.34. The index jumped nearly 18 points in the first 15 minutes.

Advancing issues led declines by a ratio of more than 2 to 1. Volume was about 153.09 million shares, up from 142.82 million traded Monday.

Prices were higher in active trading of American Stock Exchange issues.

"After you come down for three days, you get into an oversold condition," said Larry Wachtel, an analyst with Prudential-Bache Securities Inc.

"This was a bargain-hunting holiday, or a technical bounce. I wouldn't get excited."

He said the final hour of trading took off from the advance because it involved a sell-off in some of the key high-tech stocks, such as IBM and Digital Equipment.

"The late sell-off takes some of the shine away from the advance," Mr. Wachtel said.

It was a respectable recovery, but the tone of the market at the bell left something to be desired.

To Our Readers

Because of the seven-hour time difference between New York and Paris until April 3, some items in the Market Summary above are from 3 P.M. New York time instead of the usual 4 P.M. Also because of the time difference, some other items elsewhere in the Business section are from the previous day's trading.

We regret the inconvenience, which is necessary to meet distribution requirements.

The rise was in line with Wall Street expectations.

Hugh Johnson, chief investment officer at First Albany Corp., said, "Maybe those fears that the economy is going to run out of steam either this year or next year are unfounded."

Texaco was up sharply. Kohlberg, Kravis, Roberts & Co. said it intended to ask government permission to raise its stake in the common shares outstanding of Texaco to as much as 15 percent.

Technical analysis notes on market movement.

Market commentary on volume and price action.

Analysis of market trends and indicators.

Discussion of economic factors affecting the market.

Final market observations and outlook.

Large table of stock prices and market data, including 12-month high/low and volume.

(Continued on next left-hand page)

EDNESDAY, MARCH 30, 1988

MADISON AVENUE Nissan's Actor-Engineers Have Yet to Boost Sales

By BRUCE HOROVITZ Los Angeles Times Service

LOS ANGELES — It looked like an odd couple indeed when Nissan Motor Corp. U.S.A., stuck with a stodgy image and slow sales, turned last August to Chiat-Day, a Los Angeles advertising agency known for flamboyant television commercials.

The message is that Nissans are made with one thing in mind: people.

The ads all end with the slogan, "Built for the toughest race of — the human race." The central message is that each car that is of the Nissan assembly line is made with one thing in mind: people. But the commercials have yet to improve sales. For the first two months of 1988, Nissan car sales are down 28 percent, while Toyota sales are up 36 percent and Honda 12 percent.

Even while waiting for the new models, the ad agency has been tinkering with its image campaign, hoping to address some criticism that the current commercials with actors posing as engineers are not believable. After all, said Joe Opre, Nissan's advertising director, "about 90 percent of the general public didn't believe that any company's designers think and talk as they do in our ads. The irony is, it's exactly how they think and talk."

With this in mind, Chiat-Day wanted to substitute real engineers for the actors. But Nissan said it did not want to cause any ill-will by singling out individual engineers. So actors will continue to be used, but in a real setting — the company's design center in San Diego.

EC Backs Plan to Reduce Renault's Debt Burden

By Jacques Neher Special to the Herald Tribune

PARIS — The European Community's executive body on Tuesday approved a French government plan to forgive 12 billion francs (\$2.13 billion) in loans to the state-owned automaker Renault.

The plan, which increases the company's competitiveness by relieving its huge debt burden, also clears one hurdle toward a possible privatization. The European Commission, which has been increasingly critical of government aid to companies, also withdrew objections to an 8 billion franc capital infusion awarded by the government to Renault in 1985 and 1986.

However, the commission ruled that a low-interest 1.25 billion franc loan granted to Renault in 1984 by a government innovation

Foreign Takeover Scrutiny Worries Investors

Compiled by Our Staff From Dispatches

NEW YORK — A congressional proposal that would expand government scrutiny of foreign takeovers of American companies has disheartened Wall Street investors, who fear it might cool lucrative speculation in potential targets.

The rapidly rising stock values of takeover targets, real and rumored, have supported recent advances in the New York Stock Exchange.

On Monday, congressional and White House negotiators agreed to include the scrutiny provision in a clustered trade bill now before Congress. Its aim would be to broaden the review of takeover bids mounted by overseas companies and halt that might endanger national security.

The proposal broadly defines national security and would allow the president to oppose takeovers in the oil, natural resources, military and some other industries.

Wall Street arbitrageurs, who speculate in takeover stocks, said that news of the provision partly explained a lull in the takeover sector of U.S. share markets on Monday.

Congressional aides said an even more controversial investment amendment would be dropped from the trade bill, a provision that would require foreign companies to register with

the government if they held more than 5 percent of an American company's shares.

Treasury Secretary James A. Baker 3d cautioned last week that such a provision would reduce foreign investment just when the United States needed it most and might drive up U.S. interest rates.

Representatives of General Motors Corp., Caterpillar Inc., International Business Machines Corp. and American Express Co. had been among the leading lobbyists seeking to persuade House-Senate conferees to jettison the provision. Also opposed is the Business Roundtable, composed of business executives of 200 major corporations.

Stock traders were unsure how much the takeovers provision involving national security would affect forthcoming deals. The government last year blocked the sale of 80 percent of Fairchild Semiconductor Corp., an important supplier of microchips to the

Defense Department, to Fujitsu Ltd. of Japan.

"Is the national security going to be affected by who owns Bloomingdale's?" an arbitrager said, referring to the battle between Campeau Corp. of Canada and R.H. Macy & Co. for the Cincinnati-based Federated Department Stores Inc.

Some analysts, noting that laws exist to bar acquisitions of U.S. companies by foreign firms, said that the provision would be redundant.

See TRADE, Page 15

Britain to Sell Rover to BAe for £150 Million

Compiled by Our Staff From Dispatches

LONDON — The British government said Tuesday it would sell Rover Group PLC to British Aerospace PLC for £150 million (\$280 million), well below the price that had been expected.

The conditional agreement to sell Britain's 99.8 percent stake also includes an £80 million payment to Rover by the government to put the car maker on firmer financial footing after years of losses.

In Brussels, the European Commission, the executive body of the European Community, announced that it would investigate the government's plans to help Rover, because of concerns that a write-off could in effect be a subsidy that would give Rover an unfair advantage in markets. The government had already said it planned to write off £1.1 billion of Rover's losses.

At the same time, the commission gave conditional approval to a government bailout amounting to 20 billion francs (\$3.55 billion) for the French automaker Renault.

Analysts had expected the price for Rover to be £200 million to

£300 million, and the announcement sent BAe shares soaring.

"British Aerospace shareholders will, no doubt, think Christmas has come rather early this year," said Lord Williams, a spokesman for the opposition Labor Party in the House of Lords. "The government is paying BAe to take Rover off its hands."

Lord Young, the trade and industry minister, said the sale was "the deal of the decade for the government."

The share price of British Aerospace jumped 43.5 pence, or about 12.4 percent, to close at 395.5 pence on the London Stock Exchange. The small number of Rover shares traded on the exchange closed at 64 pence, down 11 pence from Monday's close. Shares in both companies were suspended earlier in the day pending the announcement.

News of the agreement helped push up the entire London market. The Financial Times-Stock Exchange index of 100 leading shares jumped by 18.6 pence to end at 1,765.1, after declining more than 85 points over the previous three trading days.

Ian Wild, an analyst at the stockbrokerage Barclays De Zoete Wedd, said that from BAe's point of view, the agreement was "far better than anyone really thought it would be." He said many analysts expected a £300 million price and a cash payment to Rover of just £500 million.

British Aerospace said the acquisition was conditioned on approval by BAe stockholders and on the European Commission's approval of the cash injection.

John Lawson, an automotive industry analyst with Nomura Securities in London, drew a distinction between the Renault and Rover cases.

"The Renault bailout could be rationalized as the only way to restore the company to solvency, he said. But the commission should have a much more difficult time approving the Rover aid because Rover already is solvent and the aid could give it an edge over its competitors, particularly Ford Motor Co., in EC markets.

"If the EC can't bare its teeth See RENAULT, Page 15 See ROVER, Page 15

U.S. Gauge Of Economy Surges 0.9%

The Associated Press

WASHINGTON — The government's chief economic forecasting gauge climbed a sharp 0.9 percent in February after several months of weakness following the October stock market collapse, the Commerce Department said Tuesday.

The gain in the Index of Leading Economic Indicators was the biggest since June. It followed declines of 1.1 percent in January, 0.1 percent in October and 1.2 percent in November. The drop in January was revised from the originally reported 0.6 percent.

Only a 0.4 percent rise in December kept the index from posting consecutive declines for three or more months, the traditional signal of an impending recession. A change in inventories led to the second revision of that month's gain, first reported as 0.2 percent.

Judging from the big February increase, analysts said they believed the leading index is accurately signaling that the U.S. economy slowed in the early part of 1988 but that the country will avoid a recession this year.

The 0.9 percent gain was led by a big jump in applications for building permits, which provided more than half the strength last month.

In all, five of the nine available indicators continued positively to the index. After building permits, the biggest positive factors were a drop in new unemployment claims, a rise in stock prices, an increase in the growth of the money supply and higher consumer goods orders.

Four indicators held the index back. The biggest negative factor was a decline in the length of the average manufacturing work week, followed by a drop in orders for plant and equipment, a change in raw materials prices and a speedup in business delivery times.

A speedup in delivery time is a negative because it often reflects a decline in demand.

The jump in the February index was one of a string of recent reports showing better-than-expected strength in the economy in the early part of 1988. Many economists believe the strong reports have all but eliminated the chances of a recession this year.

Home Sales Rise 20.3% The Commerce Department also reported that sales of new single-family homes rose 20.3 percent in February to a seasonally adjusted annual rate of 628,000 units, Reuters reported from Washington.

Despite the increase, the largest monthly rise since a 21 percent gain in March 1985, the sales rate for February was still 14.9 percent below year-earlier levels.

Currency Rates

Table with columns for Currency, Bid, Ask, and other market data for various international currencies.

Interest Rates

Table showing interest rates for various financial instruments like Treasury bills, bonds, and bank deposits.

Money Rates

Table detailing money market rates for different terms and currencies.

Asian Dollar Deposits

Table listing interest rates for Asian dollar deposits from various banks.

U.S. Money Market Funds

Table showing performance and interest rates for U.S. money market funds.

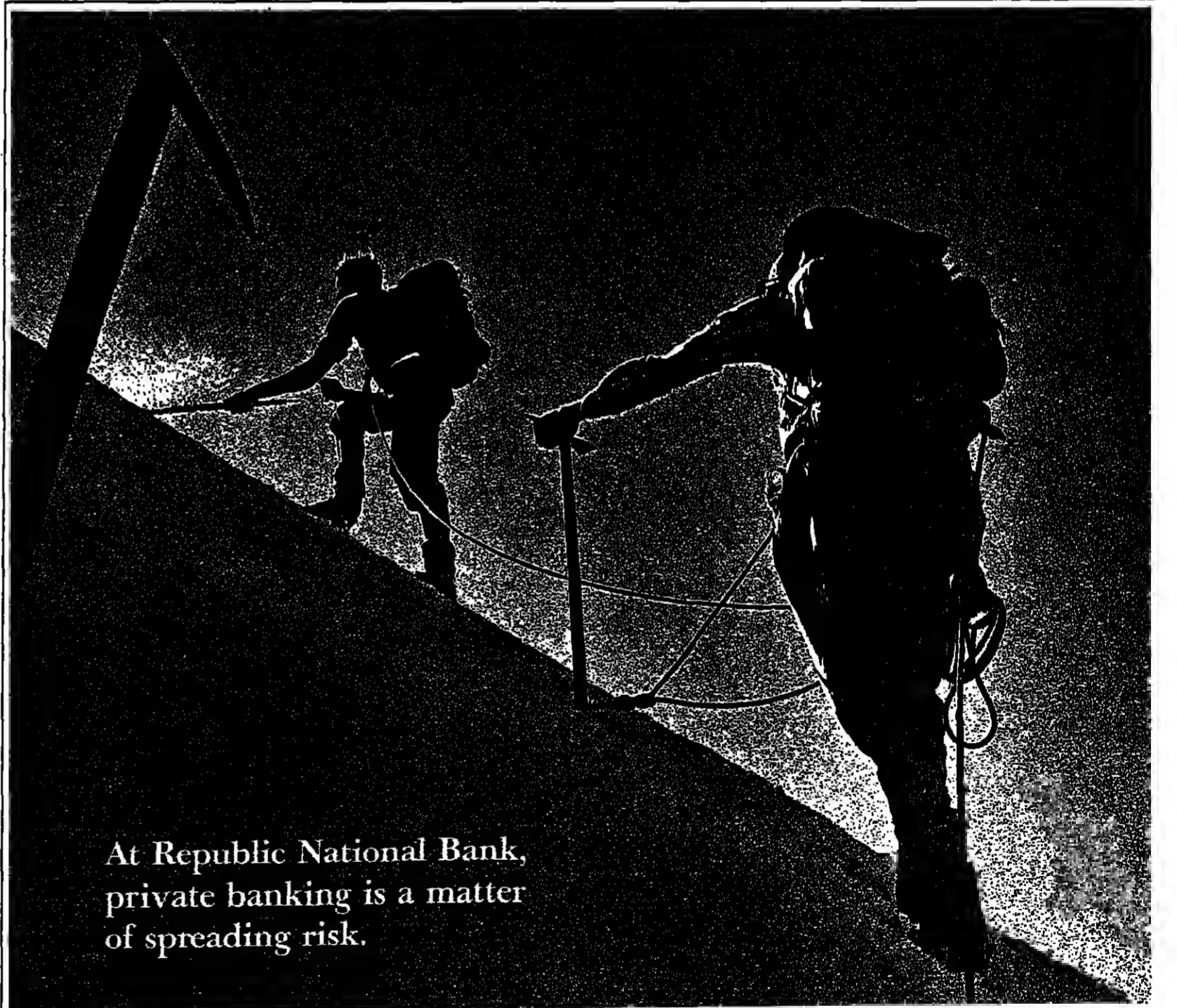
Gold

Table providing gold prices in various international markets.



The New York Times

Congress is proposing more scrutiny of foreign takeovers as part of a wide-ranging trade bill.



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Tuesdays NYSE Closing

Tables include the nationwide prices us to the close on Wall Street and do not reflect late trades elsewhere.

13 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

(Continued)

Table of stock prices for NYSE, including columns for 13 Month High Low, Stock, Div. Yld. PE, 52 Week High Low, and Open Close.

13 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

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13 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

(Continued)

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13 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Table of stock prices for NYSE, including columns for 13 Month High Low, Stock, Div. Yld. PE, 52 Week High Low, and Open Close.

U.S. Futures Via The Associated Press

March 29

Season Low Season High Open High Low Close Chg.

Table of U.S. Futures prices for various commodities like Wheat, Corn, Soybeans, etc.

Livestock

CATTLE (CME) 1000 lbs. live weight

Table of Livestock prices for Cattle, Hogs, and Poultry.

Currency Options

PHILADELPHIA EXCHANGE

Table of Currency Options prices for various currencies.

Food

COFFEE C (NYMEX)

Table of Food prices for Coffee, Sugar, and Cocoa.

Metals

COPPER (COMEX)

Table of Metals prices for Copper, Aluminum, and Silver.

Stock Indexes

NYSE COMPOSITE INDEX (CME)

Table of Stock Indexes for NYSE, Dow Jones, and others.

Commodity Indexes

Moody's Commodity Index

Table of Commodity Indexes for various commodity groups.

Court Rejects Appeal By Guinness on Ruling

LONDON — The High Court dismissed on Tuesday Guinness PLC's attempt to overturn a ruling by the Panel on Takeovers and Mergers that might force Guinness to pay former Distillers Co. stockholders an additional £100 million (\$186 million).

Exports of Videotape Recorders By Japan Climbed 0.9% in Year

TOKYO — Japanese exports of videotape recorders rose 0.9 percent in February from a year earlier to 1.74 million units, the first year-on-year rise in 16 months.

Paris Commodities

Table of Paris Commodities prices for various goods.

London Metals

Table of London Metals prices for Aluminum, Copper, and Lead.

Hutchison Profit Rose 14% in '87

HONG KONG — Hutchison Whampoa Ltd., the conglomerate controlled by the Hong Kong businessman Li Ka-shing, said Tuesday that its profit rose 14.8 percent to 1.86 billion Hong Kong dollars (\$238 million) in 1987 from 1.6 billion dollars the previous year.

DM Futures Options

Table of DM Futures Options prices.

S&P 100 Index Options

Table of S&P 100 Index Options prices.

Vehicle Exports Fell, Japan Says

TOKYO — Exports of Japanese vehicles fell 0.3 percent in February from a year earlier to 528,600 units, the Japan Automotive Manufacturers Association said Tuesday.

U.S. Treasuries

Table of U.S. Treasuries prices for various bonds.

Spot Commodities

Table of Spot Commodities prices for various goods.

London Commodities

Table of London Commodities prices for various goods.

SCIENCE IN THE HT EVERY THURSDAY. A FULL PAGE ON RECENT DISCOVERIES IN SCIENCE AND MEDICINE

Large vertical advertisement on the right edge of the page, partially cut off.

BUSINESS ROUNDUP

Kohlberg, Kravis Seeks to Raise Stake in Texaco

United Press International NEW YORK — Texaco Inc.'s stock rose sharply Tuesday after investment banking firm Kohlberg, Kravis & Co. said it asked government permission to raise its stake in the oil company...

cialist in leveraged buyouts. In such a buyout, a group borrows money to buy a company and repays it with earnings of the company...

Olivetti in Telecom Talks With AT&T, STET

MILAN — Olivetti SpA of Italy discussing a possible telecommunications alliance with American Telephone & Telegraph Co. and the state telecommunications company STET SpA...

The state industrial holding company IRI said last week it was planning a restructuring of its telecommunications operations to enable it to compete on global markets...

In Switch, Roper Backs GE Bid Over Whirlpool's

AUGUSTA, Georgia — Roper Corp.'s board switched sides on Tuesday, recommending that its stockholders sell their shares to General Electric Co. instead of Whirlpool Corp.

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A Buyout Backfires on a Top Gun

By James Sterngold NEW YORK Times — Asher B. Edelman, the corporate takeover specialist, rarely walks away from a deal without making money...

TRADE: Investors Worried

(Continued from first finance page) weapons makers, said the provision would not have a big impact.

FREE INFORMATION FROM INTERNATIONAL INVESTOR VIII Herald Tribune

BAYERISCHE VEREINSBANK AG BAYERISCHE VEREINSBANK AG paid its more than 93,000 shareholders an increased dividend of DM 13.00 (= 26%) for 1986...

The deal was premised on the sale of ESI Meats, which provides beef for Ponderosa, and Casa Lupita, a Mexican restaurant chain...

But others were more pessimistic, citing previous government involvement in a number of takeover contests. Last week, for instance, the state of Pennsylvania supported Koppers Co....

SAAB-SCANIA Leaders in specialized transport technology THE YEAR END REPORT 1987 IN SHORT: Consolidated sales SEK 41 billion, + 18 percent...

Shearson Lehman made a bridge loan of \$150 million to help complete the transaction, and a group of banks led by Marine Midland and Banque Paribas lent \$160 million.

Other traders worry that a slowdown in the takeover sector would strip the stock market of its only obvious leader. The takeover agreements so far this year have a total value of \$90 billion, leaving some of the biggest companies around the world and fuel activity in the stock markets.

ROVER: U.K. Selling Group to BAe for £150 Million

United Press International LONDON — A battle for control over state aid ploying 140,000 people in the United Kingdom and overseas.

Indigo Take-off Lotus Development helped boost the Apple Macintosh market by placing its 1-2-3 program with 5 million users.

RENAULT: EC Backs Debt Relief

(Continued from first finance page) The government of Prime Minister Jacques Chirac in December aborted plans to put the change of status before a special session of the National Assembly.

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Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Stock, Div. Yld. PE, Close. Lists various stocks like ABA, ABA, ABA, etc.

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Table with columns: 12 Month High/Low, Stock, Div. Yld. PE, Close. Lists various stocks like ABA, ABA, ABA, etc.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th March 1988

Large table listing various international funds with columns for fund name, currency, and price. Includes sections for ALM GROUP, INVESTMENT, and various regional funds.

Table with columns: 12 Month High/Low, Stock, Div. Yld. PE, Close. Lists various stocks like ABA, ABA, ABA, etc.

Table with columns: 12 Month High/Low, Stock, Div. Yld. PE, Close. Lists various stocks like ABA, ABA, ABA, etc.

Table titled 'Floating-Rate Notes' with columns for currency, issuer, and price. Lists various floating rate notes in Dollars, Pounds Sterling, and E.C.U.

Table titled 'Deutsche Mark' and 'Japanese Yen' with columns for issuer, coupon, and price. Lists various international bonds.

AS - Australian Dollars; DM - Deutschmarks; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; FL - Dutch Guilder; L.S. - Pound Sterling; S.F. - Swiss Franc; S.M. - Spanish Mark; S.P. - Singapore Dollar; S.T. - Thai Baht; S.Y. - Yugoslav Dinar; T.S. - Taiwan Dollar; U.S. - U.S. Dollar; Y.P. - Yen.

AGENCY MARK

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CURRENCY MARKETS

Dollar Rises in N.Y. on Reported Intervention

NEW YORK — The dollar advanced Tuesday in active trading in New York and Europe on short-covering and reported intervention by the Bank of Japan.

London Dollar Rates

Table with columns: Closing, Twp, Mon, Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

The dollar, which had fallen for two consecutive days, was stronger against all major currencies. The U.S. currency closed in New York at 66.85 Deutsche marks, up from 66.55 DM Monday, and at 5.20 yen, up from 5.175 yen, up from 123.75 francs to 124.50 francs.

Malaysia Growth Rate Up As Manufacturing Surges

KUALA LUMPUR, Malaysia — Manufacturing overtook agriculture as the most important sector of the economy for the first time in 1987 as the country's growth rate nearly quadrupled to 4.7 percent, the central bank said Tuesday.

ing from its early highs of around 125.15 yen, made on short-covering prompted by Bank of Japan intervention in Tokyo overnight.

In London, the dollar closed at 1.6615 DM, up from 1.6600 on Monday's close; at 134.78 yen, up from 124.17; at 1.3745 Swiss francs, up from 1.3700; and at 5.6315 French francs, up from 5.6285.

The pound soared in London to close at \$1.8705, up more than a cent from \$1.8595 on Monday. It ended at 3.1073 DM, up from 3.0855.

Earlier, the dollar had closed higher in Tokyo after intervention by the Bank of Japan and comments by Finance Minister Kiichi Miyazawa that the government would take "every possible step" to stabilize foreign exchange rates.

"Each nation thinks this is the situation where they should stabilize exchange rates in line with the G-7 agreement," he said.

He was referring to the accord reached in December by the Group of Seven, which includes the United States, Japan, West Germany, France, Britain, Canada and Italy.

"We're seeing some pragmatic profit-taking," in yen, said Eckhart Hager of Chase Bank AG in Frankfurt, "and a shift of funds into sterling now it seems clear U.K. rates won't come down."

They said the intervention may have come as the dollar was retreat-

garet Thatcher of Britain told Parliament that there was no policy split between her and the chancellor of the Exchequer, Nigel Lawson.

"Both Mr. Lawson and I put downward pressure on inflation as topmost priority," Mrs. Thatcher said. "Both of us think interest-rate stability can be very useful to industry."

The government recently allowed the pound to rise above an unofficial ceiling of 3 DM.

There were reports that Mr. Lawson had been allowing the pound to increase in value but that he was overruled by Mrs. Thatcher. A stronger pound could hurt exports and corporate profits.

The pound drew early strength from rumors that Mr. Lawson might resign, which were officially denied.

The pound was also bolstered by remarks Monday by the governor of the Bank of England, Robin Leigh-Pemberton, that the authorities would promote exchange rate stability as long as it did not threaten anti-inflation efforts.

Earlier in Europe, the dollar was fixed in Frankfurt at 1.6664 DM, up from 1.6634 on Monday, and in Paris at 5.6485 French francs, down from 5.6490.

The dollar closed in Zurich at 1.3770 Swiss francs, up from 1.3755 on Monday.

(Reuters, AFP)

Rise of Won Hurts Seoul's Olympics Plans

Agence France-Press

SEOUL — The appreciation of the South Korean won against the U.S. dollar has adversely affected the Seoul Olympics accommodations budget and organizers say they expect to take in 20 percent less than had been estimated.

Charges were set two years ago in dollars for the athletes, officials and journalists expected to arrive by the thousands for the Summer Games in September.

The won rose 8.7 percent against the dollar last year and has already risen 6.2 percent this year. A further increase of 4 to 9 percent is expected by September. The won is now around 148 to the dollar.

About 13,600 athletes and officials will pay \$42 for rooms and three meals a day and 6,000 journalists will pay \$45 to \$65 a day in the press village.

The 240,000 tourists expected for the Games will not benefit from the won's appreciation, however, as all Seoul hotels charge in won.

Accord Emerging on Stronger GATT Clout of Trade-Regulating Body Would Rival IMF's

By Paul Lewis New York Times Service

GENEVA — An international consensus is emerging in favor of strengthening the General Agreement on Tariffs and Trade by giving the organization new authority to review national trade policies.

The proposed changes would give GATT a status equivalent to that of the World Bank and the International Monetary Fund in economic policy-making, diplomats here said.

Moves to strengthen GATT as a regulator of world trade are expected to form a central part of an interim package of liberalization measures that will be considered by the organization's 90-plus member countries in December.

The countries will gather in Montreal to review progress at the halfway point in what is known as the Uruguay round of talks, these officials said.

Plans to give GATT more power and a higher political profile received an important boost earlier this month at an informal meeting of about 30 trade ministers in West Germany, when the European Community countries came out strongly in favor of such moves.

The proposals have already won broad support from the United States, Canada, Japan and most other industrial and developing countries.

Washington has frequently pressed for greater GATT power to resolve trade disputes, but countries in Europe have generally opposed such moves in the past.

The European Community's commissioner for external affairs, Willy De Clercq, told the meeting in West Germany that GATT would need greater political weight and prestige if it were to deal successfully with tensions in the international trading system and defeat protectionist tendencies.

Diplomats in Geneva believe that all of GATT's members are interested in strengthening the free trade system. They recognize that the organization is not succeeding in its mission of preventing protectionism and that additional trade restrictions could push the world back into recession.

While details remain to be negotiated, participants in the Uruguay round broadly agree that GATT should regularly examine countries' trade policies to insure that members are satisfying their free-trade obligations. When they do not, GATT would assess the countries for the cost of their protectionist measures.

GATT plans to hold a big meeting of world trade ministers, probably every two years, to review the international trade situation. Governments hope these meetings will become as prestigious and well-publicized as the annual meetings of finance ministers organized by the IMF and the World Bank.

The European Community has suggested that business leaders and farmers with an interest in freer world trade attend G-25 ministerial meetings as observers, just as top bankers and development experts attend annual ministerial meetings of the IMF and the World Bank.

This, Mr. De Clercq argued, would help GATT build a private-sector constituency in favor of free trade inside its member countries. Finally, there are plans to create a new, smaller group of trade ministers from about 18 countries that would meet twice a year to review issues, resolve crises and give greater prominence to GATT.

The plan for GATT to examine members' trade policies on a regular basis parallels the annual reviews the IMF makes of member countries' economic performance. The panel would have no power to force changes on a country, but it would publicize the cost of protectionist actions, officials said.

U.S. Seeks Panel Ruling

The United States will ask GATT to set up a dispute panel to rule on Japanese import restrictions on farm products and South Korean restrictions on beef imports, a GATT spokesman said Tuesday, according to a Reuters report from Geneva. The request comes as Japan could refer to beef and citrus imports or both, he said.

Brazil Hopes to Reduce Its Debt by \$4 Billion in Auction

United Press International

RIO DE JANEIRO — As Brazilian investors start to flock to the Rio de Janeiro stock exchange, the government hopes to reduce its \$13 billion foreign debt this year.

In the latest in a number of plans to convert Latin American debt, Brazil is seeking to transform existing debt into cut-price investments.

Last month, a plan to swap foreign debt for bonds reduced Mexico's debt by only \$1.1 billion, against the \$10 billion it had set as a goal.

Brazil's auction, on the Rio de Janeiro stock exchange, was expected to attract financiers and investors from around the world.

An auction benefits Brazil both by reducing its debt and giving a boost to industry. Foreign investors benefit because they can build a factory or buy shares on the Brazilian stock exchange for less than the usual cost.

"This will be an extra factor tipping investments toward Brazil," said William Hayes of Holland's NMB Sudamerico bank. "A businessman who is considering say, Argentina, Mexico or Brazil might well be swayed by this financing option."

The plan is attractive because of Brazil's low credit rating. Brazil has a shaky economy and it stopped paying interest on most foreign debt for much of last year.

Many bankers feel that Brazilian debts are not worth face value. They have been sold on the New York secondary bond market for as little as 50 cents per dollar.

The Brazilian government aims to take advantage of that low price, effectively splitting the difference with a potential investor.

If an American businessman wants to build a \$10 million factory in Brazil, for example, he can go to the auction and offer to convert perhaps \$12.5 million of debt into \$10 million of investment, thus giving Brazil a 20 percent discount.

If this offer is accepted, he then can buy the necessary \$12.5 million of debt paper in New York for perhaps \$8 million.

Thus the businessman saves \$2 million on the cost of his factory and Brazil wipes \$12.5 million off its foreign debt.

The first auction is limited to \$150 million of investment, split into minimum lots of \$100,000. Bankers predicted up to four bidders for every lot. The winners will be those who offer to convert the most debt for every dollar of investment.

The only losers are the selling banks, which would receive less than they lent Brazil years ago.

Although many smaller banks have indicated they may cut their losses, bigger U.S. and Japanese banks have said they are unwilling to accept that their loans are worth less than face value.

The plan also allows foreign investors to buy into Brazilian companies both directly and through the stock exchange, although there are rules to prevent too much local industry falling into foreign hands.

Mr. Hayes said many multinationals would use the plan to pump new capital into their Brazilian branches.

1992: Great Expectations

Reuters

BRUSSELS — Creating a genuine common market by 1992 could be worth \$250 billion a year to the European Community and could produce up to five million new jobs, according to an EC study published Tuesday.

The 12-nation community has set 1992 as a target date for establishing an internal market in which goods, people, capital and services would be able to move freely across borders. The idea is to boost trade, growth and competition and create a bloc big enough to fend off U.S. and Japanese competition.

The study, which took two years to complete, is the first official EC attempt to quantify the benefits of ending trade barriers.

Initial conclusions were that completing the internal market would boost Europe's gross domestic product, the value of all goods and services produced, by up to five percent. Suffer competition would force consumer prices down by 6.1 percent.

Increased trade and growth, and the end of red tape at frontiers, would net about 200 billion European currency units, or about \$250 billion, the study said. It said that coordinated policies could create five million new jobs.

Large table titled 'Tuesday's OTC Prices' containing various stock market data and prices.

Table with columns: 17 Month, High, Low, 4 P.M. Close, Net, containing financial data.

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Ebro, Target of Kuwait, Says Bid Conflicts With Islamic Ethic on Alcohol

Reuters

MADRID — Spain's largest alcohol distiller, Ebro Compania de Azucares & Alcoholes SA, currently the target of a takeover bid from the Kuwait Investment Office, said Tuesday it had told the Kuwaiti parliament that the bid conflicted with Islamic business ethics.

A spokesman for Ebro said a letter had been sent Monday to the president of Kuwait's parliament detailing Ebro's distilling interests.

The letter explicitly referred to the Islamic code of business ethics, which bars businesses from engaging in alcohol-related activities, the spokesman said.

The Kuwait Investment Office began a bid for Ebro on March 16 through a Spanish company, Torres Hostench SA, in which it holds a 45 percent stake. Torres already owns around 16 percent of Ebro.

Ebro also plans to raise its share capital by 40 percent to try to fend off the bid.

The Kuwait parliament is understood to have protested strongly when it discovered in 1985 that the investment office had built up a stake in a Scottish whisky distiller, Arthur Bell & Sons, the spokesman said.



SPORTS

Amid Conflict, African Cup Spawns Hope

International Herald Tribune LONDON — The French con- ception with darkest Africa is at a... After watching Cameroon win the African Nations Cup in Casablanca...

In Rabat, the Nigerians had to stand through the wrong anthem and then play against Algeria... Rob Hughes by abandoning technical mastery and eventually won 9-8 on overtime penalties.

There was brawling by 15 players at a time, and a comical chase when a Moroccan pursued Cameroon's diminutive Hervé Ollé...

ing one from Mauritania, decided Milla was tripped. Emmanuel Kande blasted the spot kick with awesome force...



Roger Milla: At 35, still the pace and still the predator's cunning.

Finally, Blue Jays May Enjoy One Whole Season in the Sun

By Richard Justice Washington Post Service WASHINGTON — It's March, the Toronto Blue Jays' favorite month...

The Red Sox went from a pennant in 1986 to fifth place, but have laid nice groundwork for 1988. Dwight Evans has moved to first base...

his 10-year career). Milwaukee was 76-41 when he started last year and 15-30 without him...

Fighting Off a Litter of Wildcats

VANTAGE POINT/Tony Kornheiser Washington Post Service WASHINGTON — Well, thank of we finally got that Wildcats nation straightened out...

Kentucky match was getting rid of more of 'em. From now on, to avoid the threat of redundancy, the selection committee should put all Wildcats in the same regional...

and five each from the Big Ten, ACC, Big Eight and SEC. For all the blathering about how college basketball is so wide-open...

Perhaps it's just an anomaly, but a massive geographical shift has occurred this year. Duke is the only team from Eastern Standard Time...



Kansas? O.K., Danny Manning — but who else can you name?

Tennis Pros, Nonversatile, Still Show Hustle as Golfers

New York Times Service NEW YORK — Except for such obvious mismatches as sumo wrestling and synchronized swimming...

parted in the 18-hole competition, only four (including Tim Gunnison, whose 81 won the \$2,500 first prize) managed to break 90...

Losers? Start with the Big Ten. How's this for choking? All season you read what a great conference it is — about how Indiana is the defending national champion...

My favorite line of the tournament so far came from Tubbs, who looks like the kind of guy you find wherever an ambulance pulls up. When Tubbs was asked if he was worried about Villanova's defense...

SCOREBOARD

Table with columns for Baseball, Basketball, Hockey, and Preseason Baseball. Includes team names, scores, and game details.

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OBSERVER
The Unhappy Hour

By Russell Baker
NEW YORK — Evening. The cocktail hour they used to call it. We used to drink martinis and listen to the great Erroll Garner on the phonograph. Well, they used to call it the phonograph. It played records. Records were big, circular. Well, never mind. "Remember evening," I said the other night. "Used to call it the cocktail hour," she said. "Martini and Erroll Garner on the synthesized multi-speaker and amazingly accurate sound system."

Han Suyin, 'Creative Schizophrenic'

By Mavis Guinand
LAUSANNE, Switzerland — Despite 17 books, some of them best sellers, Han Suyin insists she is not a writer. "Medicine is my career. I became a writer by accident." In 1952, she became known for her semi-autobiographical "A Many Splendored Thing," the affair of an Eurasian doctor and a British correspondent set in the political turmoil of Hong Kong and China. At the time when girls kissed but didn't tell, the passionate, frank love story was printed in 17 languages, inspired a tear-jerking film with an even more tearful theme song. "When my teen-age daughter saw Jennifer Jones in the movie, she wept buckets and was finally proud of me. I was never shown the script."



Dr. Han Suyin, "a writer by accident."

intellectuals, as in the past, still have this problem of looking down on manual labor. It is not for "knowledge bearers." I have set up a fund to help Chinese scientists to study in the West and Western scientists to go to China but I tell students they should not rush abroad. They should go out and do some work in China, know their country, then go abroad. Students were sent to rural areas during the Cultural Revolution but that went to far. They missed out on years of education. Now the pendulum has swung back. She suddenly flares up. "China is an old country with old prejudices. Despite the new laws, there is still discrimination. 80 percent of women university graduates cannot find jobs, in the country there are forced marriages, cases of girls infanticide because of the one child rule." In Lausanne, where she lives part of the year, her living room is white and spare from the modern sofa to the steel and cane chairs. A few handsome Chinese scrolls could be rolled up and packed in a jiffy. Only the huge rubber plant might be a problem. Possessions don't seem to weigh her down. "When I finish a book, I put all my papers in a box and send it, at their request, to Boston University. They have 186 boxes now." Reference books are piling up again on the round white table, a stylish new Olivetti is on the desk. "I have my twin in New York. I don't use a computer, I type pretty fast, then my sister does the typing. A new work is in progress, the life of Zhou Enlai which she finds hard to do because "in China no one wants to hear any criticism about him but he also made some mistakes. For history to be correct, he must be a man, not a legend. I must get back to work. I promised it to Jackie Onassis at Doudleyday for the end of the year." Research and interviews will take her to China and Vietnam. At 71? "You only have one life and you have to use every moment. Death can happen anytime. Every day you must prepare for it. But I want to finish this book: now that things have quieted down, I want to find out about the relationship between Zhou Enlai and Ho Chi Minh, about Chinese aid to Vietnam. I want to meet Viet historians, ask questions. Now is the time to ask." Suddenly looking very much the Chinese sage, she adds: "All catastrophes have another side. Even that terrible tornado, the Cultural Revolution, forced the Chinese Communist Party to rethink everything. It is hard, hard to pay for lessons like this but one must understand. I have seen so much good that came out of it, so much bad that came out of it."

PEOPLE

Alaska Columnist With Fake Hemingway

"It was now morning, and he in the bathroom shaving, sh for the first time that day, by the last; no, never the last," these and about 350 other v Gordon (Satch) Carlson, an E teacher and newspaper colu in Anchorage, Alaska, wo 111b International Imitation ingway Competition at Harry & American Grill in San Fra with his winning parody of Ernest Hemingway's prose author Barnaby Conrad, one judges, said Carlson's ent qualities lacking in others, r "a beginning, middle and a the Hemingway cliché, ar pun." The last paragraph of son's piece read as follows turned, lifting her thin An lip over those thin, white, American teeth, and the American sneer. "It's only Adams," she said."

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